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Latin America

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Cuba

Cuba: U.S. Said Lacking Moral Authority on Human Rights

PA2004010996 Havana PRENSA LATINA in Spanish 1955 GMT 19 Apr 96

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 19 Apr (PL) — Cuban Foreign Minister Roberto Robaina said today the United States lacks the moral authority to give lessons on human rights while it violates them in its own territory and allows its allies to violate them, as Israel is doing in Lebanon.

Robaina replied to questions asked by PRENSA LATINA about the references and accusations against Cuba made before the Human Rights Commission in Geneva last night by Geraldine Ferraro, head of the U.S. delegation to that organization.

Robaina said if one were to analyze in depth the U.S. position on this issue, it would be very useful for the members of the commission to hear the opinions of thousands of Mexican immigrants brutally mistreated by the U.S. Border Patrol.

Of course, Robaina added, it would be impossible to bring to the commission the 94 Mexicans who have been killed in the last six years by this repression that is relentlessly being practiced against individuals who are merely seeking work in order to live decently.

During the conversation, Robaina said a country that passed a law recently with a view to exterminating the Cuban people has little to brag about regarding human rights.

The main goal of the Helms-Burton law, which Ferraro defended even before the Human Rights Commission, is to prevent the arrival of food and medicine to our people and to set up obstacles to Cuba's development and international trade connections, Robaina said.

Robaina later mentioned the United States' support of Israeli bombings and other aggressive acts against Lebanon that are causing a serious obstacle to peace in the area.

It is significant that this kind of punitive action that has been carried out for many days without interruption is not only ignored but also supported by those who pay no attention to the condemnation of these acts, Robaina said.

Regarding this issue, Robaina also mentioned the passivity of the UN Security Council, which has foregone its obligation to swiftly intervene to stop aggression and to prevent the deaths of countless civilians that have already occurred.

Robaina said in response to another question about a resolution adopted by the UN Security Council on the Israeli attacks: It is important to note that the document the United States is supporting makes no reference to Israel, does not condemn Israel, and does not approve or adopt measures to make Israel comply with Resolution No. 425 of 1978, which orders Israel to withdraw from occupied territories.

Robaina added: The same council that was in such a hurry, under pressure from the United States, to take other decisions in just one morning is now acting lukewarmly and without any definition regarding what is happening in Lebanon, despite the international repercussions it is causing.

Robaina said the positions the United States is defending at the Human Rights Commission personify the existence of genuine amorality rather than being the expression of a moral double standard; therefore, Robaina concluded, it is impossible for those who act in this way, in the international arena and in their own countries, to try to establish guidelines for Cuba, which is defending the right to a decent and independent life for all its people.

Cuba: UNCTAD Group Denounces 'Coercive' Trade Measures

PA2104165796 Havana PRENSA LATINA in Spanish 0545 GMT 19 Apr 96

[Report by Elsy Fors]

[FBIS Translated Text] Havana, 19 Apr (PL) — One of the main topics of the Cuban delegation that will take part in the ninth UNCTAD, UN Conference on Trade and Development, will be to denounce unilateral coercive international trade measures against the island, such as the U.S. Helms-Burton law. The meeting will begin this month in Johannesburg, South Africa.

Foreign Trade Ministry sources told PRENSA LATINA that another task of the Cuban mission, which will be presided by Foreign Trade Minister Ricardo Cabrisas, will be to work for the preservation of UNCTAD, the only forum in which problems are discussed from the point of view of development.

The conference, scheduled between 27 April to 11 May, will take place at a time of mounting pressures by certain industrialized countries that want to relegate UNCTAD to become an international statistics collection center and take away its function of analyzing development problems.

Critics of this UN organization claim duplication of tasks between WTO and UNCTAD, but the new conference board of directors and developing countries favor a change that will strengthen the UNCTAD's mandate on trade and development topics.

The ninth UNCTAD conference, which will be held in the Gallagher Estate convention center, will study ways to maximize globalization and liberalization benefits, while lessening the risks of impoverishment and instability inherent to this process.

Likewise, the conference will examine the effects of new international trade rules resulting from the round of multilateral trade negotiations in Uruguay. This act was signed by 113 countries on 15 April 1994, in Marrakech, Morocco.

The conference will hold several roundtable discussions, including one with the participation of UN Secretary General Butrus Butrus-Ghali, and heads of UN system agencies, such as UNCTAD, the IMF, the World Bank, the UN Development program (UNDP), and the WTO.

At this same time, seminars will be held on development strategies and for private sector representatives, a symposium for executives on trade efficiency, among other topics.

Cuba: Foreign Ministry Rejects Special Rapporteur Report

PA1904161496 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Apr 96

[FBIS Translated Text] At the 52d session of the Human Rights Commission in Geneva, Cuba rejected the special rapporteur's report, which Cuba believes is biased, out of touch with the country's reality, and the result of pressure by the United States.

It is not secret to anyone that the report by the special rapporteur has been traditionally used as one more of the U.S. tools against Cuba. The report is a crude intrusion in Cuba's domestic affairs. In 1991, the United Stated managed to have the Human Rights Commission approve the appointing a special rapportuer as part of its campaign of aggression against Cuba.

What has been the main trait of these reports? Abelardo Moreno, director of the Multilateral Affairs Desk of the Foreign Ministry, had this to say:

[Begin Moreno recording] In the last few years, the special rapporteur has been drafting reports for the Human Rights Commission, as well as the UN General Assembly, criticizing Cuba, following suit with the U.S. policy of aggression against Cuba and even criticizing — against his mandate — our political, economic, and social system, including the constitutional system, which the Cuban people adopted in a sovereign manner. [end recording]

In light of this ploy, Cuba's reply was not long in coming, and yesterday, Cuba rebutted the special rapporteur's report.

[Begin Moreno recording] Comrade [name indistinct] strongly attacked the special rapporteur as a tool of U.S. policy against Cuba. He clearly stated that the report issued by this man, Carl-Johan Groth, is nothing more than a crude intrusion into Cuba's domestic affairs and clearly pointed out that Cuba is cooperating, and will continue to cooperate with international human rights bodies, which apply to every country, but was empathic in adding that Cuba has not cooperated, nor is it willing to cooperate with a special mechanism such as this special rapportuer, which was imposed by the United States as part of its policy of aggression against Cuba. [end recording]

Every year, a growing number of states vote against this anti-Cuban initiative. It remains to be seen if the next vote will reflect more clearly that the special rapportuer is a remnant of the Cold War.

Cuba: Foreign Ministry Spokesperson Holds Press Meeting

PA2104023896 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Apr 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Foreign Ministry, through its alternate spokesman, Marianela Ferriol, has spotlighted the support offered to Cuba by numerous countries at the WTO headquarters, where the island has denounced the Helms-Burton law:

[Begin Ferriol recording] I must stress that the delegations were comprised by Bolivia, on behalf of the Rio Group, which includes Argentina, Bolivia, Brazil, Paraguay, Chile, Peru, Ecuador, Colombia, Venezuela, and Uruguay. Also participating were Canada; the EC; Mexico; India; Nicaragua; Madagascar; Jamaica; the Philippines, representing the ASEAN group; Australia; Switzerland; Sri Lanka; Norway; Iceland; Colombia; Trinidad and Tobago; and Japan.

As you can see, an entire range of countries from different parts of the world was present during the speeches rejecting this law. All speeches strongly condemned the Helms-Burton law, which was described as a violation of the principles and goals of the WTO and other important international agreements, in addition to existing bilateral agreements between those countries and the United States. [end recording]

In her usual meeting with local and foreign press, Ferriol reiterated the Cuban Foreign Ministry's rejection of the new increased attacks by Israel against Lebanon and its concern over the possible failure of the region's peace process. She also has announced the presence in Cuba of a CIS delegation negotiating with the island the cultural cooperation program for the upcoming years. She also has announced Foreign Minister Roberto Robaina's trip to Mexico, where he will head with his colleague Jose Angel Gurria the sessions of the Economic Cooperation Binational Commission. On another topic, Ferriol has commented on the declaration agreed upon by the Rio Group and the EU at the conclusion of their meeting in Cochabamba, Bolivia:

[Begin Ferriol recording] According to the press reports I have seen recently, the Declaration of Cochabamba, which we can assess as a positive declaration, has included a rejection of the Helms-Burton law, and we highly value and appreciate this position. [end recording]

In response to questions, the spokesperson has confirmed that the Cuban Government has granted the Jamaican authorities' request to hold talks for an eventual repatriation of illegal Cuban immigrants who are in the neighboring Caribbean island's territory. On the negotiations between Cuba and the EU, Ferriol has denied they have been interrupted:

[Begin Ferriol recording] According to the information I can share with you, I can say that the dialogue process with the EU can be described as normal; in other words, contacts and talks with the EU are following the normal channels. I have already told you that Mr. Anagoreta was appointed by the EU to lead the delegation that will continue the dialogue with us, and we are involved in that process. The invitation was issued, and I believe it is mostly a matter of adjusting the agenda, by the Cuban party, to specify a date for our visit there. I can state that the talks with the EU are going according to schedule, the process is normal, and we are talking and establishing specific issues dealing with this process, based on the EU's own procedures for this matter. [end recording]

Cuba: FAR'S Raul Castro Demands Military 'On Alert'

PA2004204096 Havana PRENSA LATINA in Spanish 1415 GMT 20 Apr 96

[FBIS Translated Text] Havana, 20 Apr (PL) — Revolutionary Armed Forces [FAR] Minister Raul Castro has affirmed that the complex current situation demands that military institutions be on alert and combine intelligent actions with strength.

Castro spoke during yesterday's ceremony at the Playa Giron Air Brigade, on occasion of the 20th anniversary of the receipt of the title: Combat Glory. A report on Castro's speech was printed today in the GRANMA daily.

The FAR minister praised members of the brigade and encouraged them to continue striving for the improvement of the Armed Forces and gradually make them more powerful, efficient, and economical. He recalled the unit's significant role in shaping and developing the Air Force.

Castro also visited other Western Army units, including the Academic Regiment, which is responsible for grooming nonprofessional sergeants and minor specialists for major troop units.

After the ceremony, the minister visited the Western Army's Scientific Production Center, charged with the task of producing the larvae and nymphs required for aquacultural activities.

While at the center, Castro stated that only with the considerable application of science and technology, coupled with systematic integration, will it be possible to continue raising the levels of food production as required. All of the military units in the country are involved in this task.

Cuba: Castro, Officials Honor Victims of Playa Giron

PA2004161396 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 96

[From the "National Radio News"]

[FBIS Translated Text] Commander in Chief Fidel Castro and members of the Councils of State and Ministers sent wreaths in honor of all those died at Playa Giron. Jesus Diaz Loyola has more details.

[Begin Loyola recording] Wreaths from the Councils of State and of Ministers and from their president, Commander in Chief Fidel Castro, were laid before the monument honoring the memory of those fallen at Playa Giron, victims of Yankee aggression 35 years ago. At the monument, located in the exterior of the Playa Giron Memorial Museum, museum workers observed a minute of silence before placing the wreaths sent by Fidel and the country's highest officials in memory of the 156 fallen soldiers and five civilian victims. The three wreaths were received by the workers and the people of Playa Giron, amidst the emotions still felt after Fidel's visit last Friday.

Caridad Flores, the museum's senior worker, stated that Fidel's recent visit had the significance of happening 20 years after his last visit to the sands of Playa Giron, who was then accompanied by a representatives of the United States.

During these days of remembrance, the Playa Giron Memorial Museum is receiving visits, which confirm that the job of teaching and divulging of history, the preservation of which was recognized by Fidel during his visit last Friday, is diligently being carried out. [end recording]

Cuba: Ceremony on Anniversary of Antiaircraft Defense

PA2104001296 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Apr 96

[Report by Maria de las Nieves Galan; from the "National Radio News" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] At the Jose Marti Technical Military Institute here in Havana City today, General of the Army Raul Castro Ruz, Revolutionary Armed Forces [FAR] minister and second secretary of the Communist Party of Cuba, presided over the main ceremony commemorating the 35th anniversary of the Antiaircraft Defense and Revolutionary Air Force [DAAFAR]. Maria de las Nieves Galan reports.

[Galan] During the ceremony, over which Commander of the Revolution Juan Almeida Bosque also presided, Brigadier General Oscar Abascal read the congratulatory note from the FAR minister to the combatants of the Antiaircraft Defense and Air Force in commemoration of their 35th anniversary. During the closing ceremony, Division General Ruben Martinez Puente, head of the DAAFAR and substitute for the FAR minister, spotlighted the heroism of the gunners, pilots, and technicians who fought at Playa Giron:

[Martinez] "Keepers of the traditions of the rebellious and revolutionary Air Force, born among the eastern mountains, our young antiaircraft gunners were nourished by that spirit. They are the legitimate heirs of those rebel soldiers. They did not falter; they stood, and with the mere fire of their rifles faced the bombs, rockets, and 50-caliber machine gun fire coming from enemy aircraft."

[Galan] He later reconfirmed the determination of principles and loyalty to the revolution of DAAFAR men:

[Martinez] "Our enemy must take note. We are as vigilant now as we were in 1961. Every aggression against our territorial integrity and sovereignty will receive an adequate response."

[Galan] During the ceremony, Commander Raul Curbelo Morales, who, at Fidel's orders, headed the Antiaircraft Defense and Air Force at Playa Giron, received the commemorative Playa Giron Victory Medal. Division General Enrique Carreras Rolas, chief pilot instructor to generations of pilots and who played a key role in the clashes that took place at Playa Giron, received the medal for exemplary service to the DAAFAR.

At the conclusion of the ceremony, General of the Army Raul Castro greeted the relatives of the fallen heroes of Playa Giron and internationalist missions:

[Castro] "We understand the necessity of sacrificing your loved ones at a time that meant life or death to the fatherland. In the name of the commander in chief, of the entire Armed Forces, and all our people, receive our most sincere admiration and respect for those heroes and heroines, which is what all of you are."

Cuba: FAR Minister Raul Castro on Tank Soldiers Day

PA2104001396 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], has presided over the national ceremony commemorating Tank Soldiers Day observed at the large tank unit Gloria Combative del Rescate de San Gili of the Western Army.

At the ceremony, over which Commander of the Revolution Juan Almeida and Foreign Minister Roberto Robaina also presided, Founders Certificates were presented to crew members of T-34 and SU-100 tanks, from where Fidel directed part of the operations against the mercenary invasion. Division General Ernesto Lopez Cuba, who left Managua 35 years ago at the head of a company of tanks in the combat area, read a letter of congratulations from Commander in Chief Fidel Castro in honor of the anniversary.

Division General Ramon Pardo Guerra, the FAR deputy minister, gave a beautiful speech at the ceremony stating that the response by today's tank soldiers, the response which has been given at every crucial period during the last 35 years, is the same as that during the Bay of Pigs invasion.

After the ceremony, Raul held a jovial dialogue with those whom he called Fidel's tankers and said he was going to ask Fidel to meet with them. He then spoke about the creation of the Eastern Army two days after the Bay of Pigs victory:

[Begin Castro recording] We recall with pleasure those times filled with heroic acts although we were not very experienced, just like our people. Many of these artillery and tank soldiers during the days before the Bay of Pigs invasion learned their skills in the morning and taught them to others in the evening; such is the spirit of our people, who attained that marvelous victory having just received their weapons and despite their lack of experience. This spirit is the same as that of today, even higher. I say higher because the spirit is finer, given that the times are more difficult than back then.

The country will overcome all problems if we preserve this combative spirit, which we also will maintain at work, hopefully. [end recording]

Cuba: GRANMA on Rules, Regulations for Self-Employment

PA2004020896 Havana PRENSA LATINA in Spanish 1653 GMT 17 Apr 96

[FBIS Translated Text] Havana, 17 Apr (PL) — The announcement of rules and regulations for self-employment and implementation of a plan to eliminate wrongdoings in the sector were made today.

Today, "GRANMA" published an account of the meeting of the chairmen of the People's Government Provincial Assemblies, which states that the rules and regulations will set new requirements for the development and control of the aforementioned activities.

At present, the first draft of the reforms to Decree 186 on wrongdoings in the sector are being reviewed and measures were adopted to prevent violations to the dispositions.

Until March, a total of 205,900 workers were self-employed and requests for authorization for that type of work increased.

The licenses, among others, include more than 60,000 to prepare and sell food, between 6,000 and 13,000 for messengers, carpenters, hair dressers, drivers of car rentals and coachmen respectively.

More than 1,900 small private restaurants were opened and other 200 applications for this type of business are being processed. Approximately 6,000 are involved in activities to prepare and sell food in different ways.

In addition, the meeting reported that in the past six months, the Domestic Trade Ministry has implemented a plan to improve the state's restaurant services by increasing the inventory of coffee shops, markets, distribution centers, as well as permanent and mobile posts in towns and rural areas.

Vice President Carlos Lage, who headed the meeting together with Ricardo Alarcon, president of the National Assembly of the People's Government, underscored the importance of this policy to demonstrate the state's efficiency, to provide quality service to consumers and with the revenues collected contribute in the financial cleanup.

Self-employment, Lage said, was not created to solve problems of the state, but those of the population in activities that the state cannot handle today; and as a job option for hundreds of people at times of harsh economic restrictions.

In regard to the economic sector, Economy and Planning Minister Jose Luis Rodriguez recalled that regardless of a 7 percent growth of the economy in the first quarter of 1996 the external financial limitations remain the main problem for the country.

The higher prices of products that Cuba imports and the lower prices of those exported meant expenditures of $80 million over those allocated the previous year for the same purpose.

The meeting, whose purpose was to strengthen working relations between the central government and the provinces, also reported on the present school year and the overall plan of environmental cleanup.

Cuba: Sancti Spiritus Province 1st To Reach Sugar Goal

PA2104000996 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Sancti Spiritus Province is the first province in the country to reach its sugar production goal by producing 263,440 metric tons of sugar 12 days before the deadline. For the 14th consecutive time, the people of Sancti Spiritus have again obtained the top status province in the manual cutting of cane, because all the brigades involved in that task have reached one million [not further specified].

In Sancti Spiritus Province, Sugar Industry Minister Nelson Torres has celebrated the province's victory in the current sugarcane harvest. The following are statements he has made to this station:

[Begin Torres recording] The heroes of this harvest have been the thousands of workers who have participated. They have exerted great effort, dedication, and will into accomplishing this goal.

The success of Sancti Spiritus, the first province to obtain its goal, is like a banner for the rest of the country, a banner that denotes accomplishment, a banner that means: Yes we can! Yes we can obtain our goals and have an efficient harvest despite the difficulties and limitations inherent to the special period we are still suffering with our agricultural machinery and at the complexes. We are reducing these difficulties based on great effort and have been able to obtain this goal.

Sancti Spiritus Province having obtained its goal has another important significance; it is now a model for solidarity with other provinces. Sancti Spiritus Province is on its way to helping several provinces. The workers from Sancti Spiritus will make it possible for those provinces to reach their goals. They are a much awaited and desired reinforcement by other provinces. We can see a will, a combative spirit, and a desire to triumph on the part of the forces from Sancti Spiritus in going to other provinces.

Another important aspect of the victory of Sancti Spiritus Province is that it has worked with tremendous efficiency, has maintained the banner of high efficiency, which has been the great struggle of the Sugar Industry Ministry; that is, to increase efficiency around the country, to rescue discipline [word indistinct], and to rescue discipline in the system.

The production yields of Sancti Spiritus Province are the best in the last 11 harvests. The recovered 8,662 [not further specified] is the best during the revolutionary phase. I mean, no other harvest from 1959 to date has had better results than these. This says a lot for what the people of Sancti Spiritus have done. It says a lot about the efforts all the workers and the province's cadres have made. [end recording]

Cuba: Joint Enterprise Builds 150-Meter Antenna Tower

PA2104001196 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The joint enterprise (TECSA) has made a large investment to build a 150-meter antenna tower in a location known as El Brinco, 2 km from Playa Giron. This colossal project has facilitated phone, radio, and television communications with Cayo Largo, has helped the development of digital technology in Cienaga de Zapata, the transmission of television signals, and also the transmission of Radio Rebelde and Progreso, two FM radio stations.

Engineer (Maini Mesa), (TECSA) technical vice president, has said:

[Begin (Mesa) recording] Workers who have built the project deserve the credit. This brigade and the comrades who have directed the project have done a great job.

The 150-meter tower will avoid problems due to sea conditions in the link to Cayo Largo, the reason why the tower is so high. Either we raise the island or build a tower. [end recording]

The men who have built these towers undoubtedly have one of the most risky professions in the telecommunications sector. Jose Leon, chief of (TECSA) Towers and Cuba's most experienced tower builder, has commented on the project:

[Begin Leon recording] There were many comrades who have believed it would be very difficult to complete the project by 31 July, as it was announced. It was quite difficult, but everyone worked jointly. Many people and comrades from various enterprises participated, but the work was [word indistinct] [end recording]

The construction was stopped for two years for various reasons but began again in February 1995 and was completed in July in order to facilitate communications with Cayo Largo. It is expected that all of southern Matanzas, where certain areas still lack communications, will have access to phones in the future.

Cuba: Sugar Industry Developments Through 21 Apr

PA2204030896

[FBIS Report] The following is a compilation of reports on Cuban sugar industry developments monitored through 21 April.

The Efrain Alfonso Brigade, in Villa Clara Province, is the first brigade in the country to reach the 3 million arrobas mark after 76 days of harvesting. The third million was reached in only 29 days of work. The brigade collected an average of 34,000 arrobas per day. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 15 Apr 96)

Sancti Spiritus Province is stepping up its sugarcane grinding efforts to become the first province in the country to meet sugar production goals during the current harvest. This province needs little more than 4,000 metric tons to reach this goal. (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Apr 96)

Five sugar mills have been added to the list of those that have already reached their sugar production goals: Two in Villa Clara; one in Guantanamo; one in Ciego de Avila; and the Coloso Uruguay mill, in Sancti Spiritus. The latter is the country's largest producer and completed its program 11 days early. This mill proved highly efficient in reaching its goal: It spent 258 pesos to produce 1 metric ton of sugar, when it had planned to spend 289 pesos. The 10 October and Jose Ramon Riquelme mills, in Villa Clara, have been added to a list of seven other mills that have reached their sugar production goals. The 10 October mill produced 5,200 metric tons more than last year in only 93 days of harvesting. This is the 21st time in 22 harvests that the Orlando Gonzalez mill, in Ciego de Avila, met its production goal by producing about 39,000 meric tons. The Jesus Suarez Gallol mill has not reached its production goal for the past seven years, but it has achieved a miraculous comeback. Its workers believe that the mill will reach its goal by mid-May. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 16 Apr 96)

A total of 40 sugar mills nationwide, including all of those in Sancti Spiritus Province, have already reached their sugar production goals. This year's harvest already surpassed production volumes of last year's harvest. The Fatherland or Death agro-industrial complex, in Moron Municipality, became the second in Ciego de Avila Province to reach its sugar production goal during the current harvest. It produced 22,700 metric tons. Sugar Industry Minister Nelson Torres has recognized this achievement. Meanwhile, Camaguey sugar mills failed to reach sugarcane planting goals from January to April. Only 300 of 650 caballerias — that is, only 47 percent — have been planted so far this year due to the drought, transportation problems, and lack of spare parts. (Havana Radio Rebelde Network in Spanish 1700 GMT 20 Apr 96)

Netherlands Antilles

Netherlands Antilles: Aruba Urged To Clean Up Finances

BR1704132596 Rotterdam ALGEMEEN DAGBLAD in Dutch 17 Apr 96 p 6

[Unattributed report: "Voorhoeve Warning Antilles — Criticism on Indecisiveness About Financial Crisis"]

[FBIS Translated Excerpt] The Hague — The Netherlands Antilles and Aruba must restore their financial situation as soon as possible. With the consent of the Upper Chamber, Minister Voorhoeve of Antillean and Aruban Affairs stated that "time is over for the Netherlands-Antillean Government to hedge against the consequences of indecisiveness."

According to Voorhoeve, the Government on the islands is running the risk of losing public support. The resulting financial crisis will hit the weakest in society. Should that happen the Hague will not keep aloof and will have to intervene, Voorhoeve hinted.

The Netherlands Antilles have a debt of 3.5 billion guilders. For the most part this debt consists of overdue payments to the pension funds for civil servants and to social security. "These debts just need to be paid," Voorhoeve added. He has no intention of making up the difference.

The minister stated that public finances need not be recovered at one go. This can be achieved gradually. In this respect, Voorhoeve referred to the findings of the Van Lennep audit of the Antillean finances. The balance of public finances could be restored through tax reforms and through an increase of social charges (the tax burden on the Antilles presently amounts to 28 percent, against almost twice as much in the Netherlands). [passage omitted]

Mexico: Provisional Governor of Nuevo Leon Appoints Team

PA2004032596 Mexico City Radio Red Network in Spanish 2300 GMT 18 Apr 96

[Report by Pablo Ruiz; from "The Night Monitor" newscast]

[FBIS Translated Text] A provisional governor has already been appointed in Nuevo Leon State. This provisional governor will hold this office for the next six months, the time current Governor Socrates Rizo Garcia had left to finish his term. Governor Socrates Rizo Garcia has decided to ask for leave in order to resign from the post for good.

Pablo Ruiz reports from Monterrey, Nuevo Leon.

[Ruiz] Benjamin Clarion Reyes, the recently appointed provisional governor of Nuevo Leon State, has dismissed six officials from Socrates Rizo Garcia's cabinet to appoint his own working team. During a news conference, Clarion Reyes announced the appointment of Francisco Rivera Bedoya as state secretary general, replacing Hector Maldonado Perez. Clarion has appointed Cesar Lasso Hinojosa in the Public Works Secretariat and Felipe Henriquez Hernandez in the Social Development Secretariat. Gilberto Trevino Montemayor will head the Labor Secretariat. Oscar Arame will head the State Comptroller General's Office, and Guillermo Martinez Garcia will be the new media director. All of them were former aides of Clarion while he was mayor of Monterrey. The governor has approved the current secretaries of economic development and finance and the state prosecutor, who joined the cabinet recently.

Minutes earlier, before the state congress, Governor Benjamin Clarion Reyes committed himself to launching an all-out war against corruption:

[Begin Clarion recording] The government, more than any other citizen, is obligated to abide by the law as well as to enforce it. Those who do not fulfill these essential conditions, those who act on the fringes of the law or violate it should be punished. In my administration, I will not allow dishonest conduct, corruption, influence peddling or irresponsibility while holding a public office. [end recording]

[Ruiz] After his appointment, the provisional governor who will hold this office during Socrates Rizo's six-month leave went to the Government Palace, where, according to reports, Clarion spoke to President Ernesto Zedillo on the telephone and asked him to allocate more financial resources and to visit Nuevo Leon more often.

Mexico: Background on Nuevo Leon Temporary Governor

PA1904145296 Mexico City XEW Television Network in Spanish 0300 GMT 19 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] [Passage omitted] Benjamin Clariond was born in Monterrey 46 years ago. His only background experience in public service was when he served as federal deputy during the 54th legislative period and mayor of Monterrey. He is the son of a businessman and is himself a businessman together with his brothers and cousins. He is the first industrialist to occupy the post of temporary governor of Nuevo Leon State.

He is a first cousin and partner of Fernando Canales Clariond, former PAN [National Action Party] candidate for governor in 1985 and candidate-hopeful in the 1997 elections.

Mexico: Report on ADE's 'Effectiveness' for Debtors

PA1904182096 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 15 Apr 96 p 5A

[Report by E. Gutierrez, I. Melchor, M. Colin, and C. Cortes]

[FBIS Translated Text] The theoretical phase of the Agreement for Immediate Support to Bank Debtors (ADE) is about to end. The program will now have to prove its effectiveness in breaking the vicious cycle formed by the chain of debtors and the companies' lack of solvency.

Seven months after its implementation, the ADE has sent debtors back to where they started from because of their inability to make payments and face obligations with ADE refinancing, which, due to the change of debts into UDI's [investments units] and the recapitalization of interests, has caused a debt growth rate of approximately 50 percent and high inflation rates.

This assessment stems from research conducted by EL FINANCIERO's Economic Analysis Unit based on information from the National Banking and Securities Commission (CNBV), the ADE mouthpiece, and a business survey.

The business sector demands efforts to make the financial system compatible with the domestic market, because, with the restructuring systems that were implemented, companies must pay a monthly fee, equivalent to approximately four months of sales. But, obligations are larger every month due to the UDI increase and the capitalization of interests, which will make it impossible for any company to keep up in a contracted market.

Most of the industrial sectors have been unable to overcome stagnation; this is why it will be almost impossible for them to face their obligations if they fail to devise a new mechanism that will place interest rates at an equilibrium point below the domestic market's growth rate.

ADE's Second Step

The bank debtors' financial and macroeconomic conditions were unequally modified, prompting mixed results in credit card, mortgage, business, and consumption liabilities. Likewise, the disadvantages for the banks continue because their credit risk increased as they changed a significant portion of their portfolios into long-term obligations.

The financial conditions of small-, mid-, and large-scale companies continue to be weak, because the feasibility which prompted them to sign the ADE no longer exists and because companies in general lack a cash flow that would enable them to meet their obligations on time. They will now face a new reality in which, once the legal respite ends, the goods placed as collateral will be seized.

As for the case of debtors who met their obligations on time, especially those who have mortgages, they were given no choice but to refinance their debts in UDI's, which, along with the recapitalization of interests, made debts increase by approximately 50 percent. In addition, they were forced to sign contracts in which they waived their right to file lawsuits against banks.

The outlook for debtors is bleak as seen in the case of the Alpro company, which is the leader in the domestic sweets and candy market with 6 million pesos in annual revenues — approximately a third of which corresponds to exports. This company's estimated value is approximately 10 million pesos; however, it is heavily mortgaged and runs the risk of being seized due to a refinanced credit of 700,000 UDI's.

D'Bebe Company Director Rolando Keller said that businessmen who refinance their debts in UDI's will run a risk if mechanisms are not first put in place to reassess the debt problem. He explained that companies that refinanced their debts in UDI's were granted a six-month grace period, enabling them to temporarily make money.

Keller pointed out that this market growth is determined by the progression of sales and assessed that, in the best case scenario, companies are recording a 20-percent increase in sales for the first quarter of the year, as compared to the same period in 1995.

The promotion of micro-scale companies represents a double-edged argument for development banks, because they are unable to overcome the negative effects of the business sector's lack of solvency due to the accelerated accrual of overdue interests.

The National Financial Bank (Nafin) is aware of the companies' inability to make payments. In the mechanisms Nafin used to recover overdue loans, there are major deficiencies that will impede the development of micro-scale companies. Only 17,520 of the 112,000 micro-scale companies that failed to make prompt payments throughout 1995 have refinanced their debts.

The "refinancing program" of the traditional system — credits in dollars and UDI's — allowed only 10.8 percent of those debtors seriously in arrears — equivalent to 1.199 billion pesos, in contrast with the 11.122 billion pesos worth of overall outstanding loans of companies and individuals — to get back on a regular payment schedule in 1995.

Limited Benefits for Mortgages and Credit Cards

The latest CNBV figures indicate that the amount of the total number of mortgages that were refinanced from the date the ADE was implemented until 31 January 1996 was 60.32 billion pesos, and the latest Bank of Mexico figures indicate that by November of 1995 the amount of overdue mortgages reached 9.424 billion pesos, representing a 25-percent increase in real terms, as compared to 1994 figures.

The 14.4-percent real loss of purchasing power in the first quarter of the year and the lack of an economic reactivation guaranteeing the creation of jobs cause credit card holders to cast doubts on the ADE.

Seven months after the ADE came into effect, it is evident, as far as plastic money is concerned, that the agreement's scope is limited, because the only people who benefited from it were those who were making payments on time and owed less than 5,000 new pesos to their banks. The main benefit was to obtain a fixed annual rate of 38.5 percent, which is very low if we compare it to the 70-percent rate commercial banks are currently charging.

For instance, Bancrecer has an interest rate of 78.5 percent for those who have not refinanced their debts in ADE terms, which carries a burden of 40 percentage points above that which was established in the government plan (the deadline of which to sign contracts ends on 30 April).

Those who have already signed letters of intent cannot afford to fall behind on a single monthly payment or fall in arrears for any reason whatsoever because, otherwise, according to the analysts that were consulted, "records will be forwarded to legal bureaus."

We must explain that the UDI system is not applicable to credit card holders under any circumstances whatsoever. They are subjected to the terms of the contracts they individually signed at their banks' offices.

We must acknowledge that banks reduced their interest rates as a result of ADE, within the context of a situation in which it was hoped that there would be a drop in interest rates. However, reality left both debtors and creditors dissatisfied. The main problem for those debtors who sought protection in the ADE, most of whom belong to the middle class, is the significant loss of their purchasing power and, in many cases, their jobs. The wage hikes of January 1995 to March 1996 barely added up to 23.27 percent, while accumulated inflation amounted to 60.5 percent in the same period.

We observe that during the refinancing phase, large banks promoted the use of credit cards by even reducing the proceeds they obtained. Banamex [National Bank of Mexico] is one such case: It rewards those who use credit cards at least once a month, who are making their minimum monthly payments, and who do not exceed their credit limits. This way, users accumulate "points" until they reach the level of a "sound" credit card holder and then pay an annual interest rate of 58.3 percent (20 points below Bancrecer rates). The Bancomer [Bank of Commerce] charges customers a 68.4-percent annual interest rate.

Mexico: Secretary on Monetary Policy, Public Spending

PA1904142896 Mexico City EL FINANCIERO in Spanish 17 Apr 96 p 22

[Report by Isabel Mayoral and Alicia Salgado]

[FBIS Translated Text] Finance and Public Credit Secretary Guillermo Ortiz Martinez has indicated that the recovery of jobs and consumption levels will not be promoted artificially and will begin to register results toward year's end in the wake of an increase in production as opposed to public spending.

Speaking during the second plenary meeting of the Seventh Convention of the Mexican Securities Exchange, Ortiz Martinez confirmed that the current administration still upholds "the priority of maintaining a balanced budget as a means to preclude pressures on the inflation rate and the financial markets. In addition, a balanced budget contributes both to increasing investment flows and to boosting productivity.

Confirming the government's view that the existence of a more favorable financial situation and consistent economic policy will translate, in the coming months, into a gradual but sustained recovery of consumption and investment levels, Ortiz Martinez said that in the first quarter of 1996, GDP will register a decrease between 2 and 2.5 percent compared to the same period in 1995. However, compared to figures registered in the previous quarter (the last quarter of 1995), it will register a 2-percent growth.

Explaining that the economic program to promote the recovery has fulfilled its immediate objectives, he maintained that "there is no triumphal connotation in this statement," because the crisis has affected considerably, although temporarily, the welfare of the population.

"We are not creating false hopes with regard to the recovery, as some people have pointed out. The stabilization conditions and indicators at hand show a clear positive trend," he noted.

He admitted that although the first economic stimulus will come from exports, the recovery of "the domestic market and consumption levels will arrive in a second phase."

Within this context, he stressed that the leading obstacle for the growth of the domestic market is the overindebtedness of companies and families, thus "the programs of support to debtors and banking capitalization will be strengthened."

He emphasized that the drop in real wages and purchasing power was a discouraging factor for the domestic market in 1995, and he indicated that the process should begin to recover in the middle of or by the end of 1996. However, to achieve this, "we will not engage in an irresponsible reversion of the economic policy or the already implemented structural reforms, promoting a short-lived growth through the easing of public spending or monetary policy."

Ortiz Martinez confirmed that a balanced budget remains a priority in order to preclude any pressure on the inflation rate and the financial markets. Consequently, an increase in production and the generation of jobs will be based on an increase in investment flows and the level of efficiency of the productive apparatus.

The fiscal balance, he said, will be a source of stability and confidence and will enable a release of funds, which will be channeled into the investment markets. In addition, the debt policy will seek to maintain manageable levels of domestic and foreign indebtedness to avert financial pressure and support stability.

This framework of investment resulting from sound public finances and consistent monetary and debt policies will have to be complemented with a framework to foster savings, within which the reform of the system of pensions will play a pivotal role to solve the main problem of long-term investment. This is so because in Mexico, the resources of the capital market are limited and the financing of infrastructure or housing projects is not allowed because of this reason.

In addition, the pension funds will enable Mexico to tackle problems such as the ones experienced in 1994, when foreign investment flows arrived and were greeted by fragile domestic savings and weak markets, the fundamental causes of the current financial and economic crisis.

Mexico: Institute on Minimum Wages, Unemployment Rates

PA2104041996 Mexico City LA JORNADA in Spanish 19 Apr 96 p 1

[Report by Roberto Gonzalez Amador and Carlos Antonio Gutierrez — received via Internet]

[FBIS Translated Text] The Mexican Institute of Certified Public Accountants (ICMP) disclosed yesterday that approximately 9.4 million Mexicans, 70 percent of the economically active population, are surviving on a monthly salary of between one and three minimum wages. The organization believes the erosion of personal income is "disquieting" and urged the federal government to plan tax incentives to reactivate the economy.

Meanwhile, National Institute of Statistics, Geography, and Information Science (INEGI) has revealed that at least 2.1 million Mexicans, 6 percent of the economically active population (PEA), who are able and willing to work remained unemployed in March.

ICMP President Felipe Perez Cervantes described the tax reforms approved by Congress last week as "insufficient." Perez Cervantes said that the changes in the Income Tax Law increasing the tax benefits of workers earning up to three minimum wages are not in keeping with the commitment made in the Alliance for Economic Recovery (ARE) that specifies changes would be made to promote a gradual distribution of the tax law by decreasing tax rates.

"Neither the tax reform that went into effect on 1 January nor the proposal approved by Congress on 9 April includes measures for these tax breaks," Perez Cervantes added.

Perez Cervantes said the change in the Income Tax Law increases the tax benefits, that is, salary credits, given to lower income workers. The approved proposal notes that the objective is to increase the disposable income of workers who receive between one and three minimum wages by not taxing individuals who receive up to that amount. Thus, 70 percent of wage earners, that is, 9.4 million workers, will not pay personal income tax.

Perez Cervantes said the increase in worker's net wages will be 21.43 pesos per month for workers that receive one minimum wage, 20.39 pesos for workers making twice the minimum wage, and a zero increase for workers making 1,900 pesos or more per month.

Perez Cervantes added that the benefits to individuals making one or two minimum wages per month are very low and that individuals who receive three minimum wages (2,061.12 pesos per month) and "did not pay taxes in the past will continue not paying taxes in the future."

INEGI stated that unemployment in March affected 6 percent of the PEA, officially estimated at 35 million people.

INEGI stated that the national unemployment rate has indicated a downward trend since the beginning of the year, declining from 6.4 percent in January to 6.3 percent in February and 6.0 percent in March.

According to INEGI, the cities that have reported unemployment rates higher than the national average were Saltillo (8.1 percent), Coatzacoalcos (7.7 percent), Irapuato (7.4 percent), Mexico City (7.3 percent), Monclova (7.1 percent), Monterrey (6.8 percent), and Cuernavaca (6.7 percent).

Cities reporting open unemployment rates below the national average were Guadalajara and Queretaro (5.7 percent), La Paz (5.6 percent), Celaya and Tlaxcala (5.5 percent), Matamoros (5.3 percent), Toluca (5.2 percent), and Torreon (5 percent).

Mexico: No Salinas Cuban Investment; Castro Visit Delayed

PA2104131296 Mexico City EL FINANCIERO in Spanish 19 Apr 96 p 1

[Received via Internet]

[FBIS Translated Excerpt] Cuba's Ambassador to Mexico Abelardo Curbelo Pavon said that former Mexican President Carlos Salinas de Gortari does not have investments in Cuba and is not a resident on the island, "those are speculations." [passage omitted]

Lastly, he said that President Fidel Castro's visit to Mexico was postponed until a "more convenient time for both countries." [passage omitted]

Guatemala

Guatemala: Peasant Committee Demands Eviction Stoppage

PA2104120196 Guatemala City LA REPUBLICA in Spanish 19 Apr 96 p 5

[Report by Ramon Hernandez S.]

[FBIS Translated Text] The struggle to recover the "motherland" will continue despite the events that occurred at the El Tablero Farm, where occupiers are ready to fight in order to avoid being evicted, the National Indians and Peasants Coordinating Board (Conic) stated last night. Meanwhile, the Peasant Unity Committee (CUC) has demanded that the government of Alvaro Arzu suspend the evictions.

The CUC stated that despite the "brutal repression" of security forces, peasants at the El Tablero and Australia Farms will stay in their places "to defend their own lands."

The main leaders of Conic, led by Juan Tiney, called for a "halt to the repression of the Alvaro Arzu government," stating that riot police indiscriminately fired on peasants in the events at the El Tablero Farm. They added that in view of the brutal repression, peasants were forced to defend themselves with stones and machetes, using the legitimate resistance guaranteed by the law.

Conic leaders also stated: "We deeply regret the death of the chief of the FRI [Immediate Deployment Force], who provoked peasants," stressing that "while lies shine, the peasant truth surfaces."

Meanwhile, the CUC, which also advises peasants occupying farms, has stated that it is necessary to stop the eviction orders so as to avoid confrontations, adding that the events at the El Tablero Farm in San Marcos should be clarified.

The CUC has stated that the negligence and lack of willingness from authorities and farm owners to resolve the land ownership problem in Guatemala has resulted in severe clashes, such as the clash at El Tablero Farm. There, the chief of the riot police platoon, who tried to evict peasants using excessive force and who was heavily armed, was killed.

The CUC added that Government Minister Rodolfo Mendoza, pro-farmer officials, and the very farmers are trying to twist the veracity of the events and have tried to justify their actions, blaming peasants for beginning the incidents, which is absolutely false.

Nicaragua

Nicaragua: President Thanks Yeltsin for Debt Reduction

PA2004201496 Panama City ACAN in Spanish 1752 GMT 20 Apr 96

[FBIS Translated Text] Managua, 20 Apr (ACAN-EFE) — Nicaraguan President Violeta Chamorro today thanked her Russian colleague Boris Yeltsin for the decision to "pardon" 98 percent of Nicaragua's foreign debt with that European country.

Chamorro, in a television and radio message to the nation, announced that negotiations with Russia concluded yesterday on the restructure of Managua's debt with Moscow. The $3.4-billion debt was accrued through loans granted to the previous Sandinist administration.

"I announce with great happiness that negotiations with Russia have ended, which have accomplished a 98 percent reduction, which is equivalent to $3.3 billion," President Chamorro said.

The Nicaraguan president also thanked Boris Yeltsin for "his great willingness" to back Nicaragua's development.

"My concern has been to leave my fatherland less indebted than when I received it and I am fulfilling this," Chamorro underscored. She is to turn over power on 10 January 1997 to the president who is elected in the 20 October elections.

Even though Chamorro has taken as a fact that 98 percent of the debt with Russia will be "pardoned," reports from Moscow yesterday indicated that the preagreement signed by Russian and Nicaraguan negotiators still must be ratified by the governments of each country.

Nicaragua: Army To 'Guarantee' Violence-Free Elections

PA2104035696 Managua Nicavision Canal 12 Television Network in Spanish 0400 GMT 19 Apr 96

[From the "Extravision" newscast]

[FBIS Translated Text] The Army will guarantee violence-free elections, General Joaquin Cuadra stated today. The Army chief asserted today that efforts are being made to achieve a peaceful disarmament through dialogue between church officials and armed groups that will allow peaceful elections, particularly in the northern part of the country:

[Begin recording] [Cuadra] We are absolutely confident the elections in these territories will not be affected by violence.

[Unidentified reporter] Will these [words indistinct] groups be totally disarmed?

[Cuadra] They will be neutralized; some will be disarmed, others imprisoned, others killed. They will be neutralized in the broadest sense of the word. [end recording]

Cuadra said the Army has obtained the additional resources it needs to increase its operations in the north:

[Begin Cuadra recording] A part of the resources is already available and is being used to purchase uniforms and boots to equip and supply the troops. [end recording]

According to the Army general, the presence of soldiers in Matagalpa and Jinotega has increased so as to beef up security in the areas most commonly attacked by gangs of criminals.

Nicaragua: CSE Assures Elections To Be Held as Scheduled

PA1904155396 Managua LA PRENSA in Spanish 16 Apr 96 pp 1, 16

[Report by Cesar Ubeda Bravo]

[FBIS Translated Text] Supreme Electoral Council [CSE] President Rosa Marina Zelaya has assured that the elections will be held on 20 October 1996 in keeping with the electoral calendar. She said it would be "very dangerous" for the country to suspend or change the date.

In statements to LA PRENSA, Zelaya said that "the CSE and I, in particular, have strong convictions about holding elections on 20 October 1996. The likelihood of postponed elections, or not holding them, would bring extremely serious consequences for democracy."

Zelaya added that "it would be an extremely delicate matter that would affect the country's political, economic, social, and cultural development. The CSE, therefore, will continue to program its work around 20 October elections. The date should not be changed at all."

The CSE president stated that "some extraordinary event would have to take place here for the general elections to be suspended, and I hardly believe that will be the case."

Zelaya said that the legislative, judicial, and electoral branches of government, the people, and the political parties all have the political resolve to hold general elections on 20 October 1996.

She recalled that the CSE recently called on President Violeta Barrios de Chamorro and the National Assembly leadership to hold the elections with complete guarantees.

Zelaya addressed topics such as financing, border problems, and amendments to the Administrative Political Division Law in order to hold elections on the Atlantic coast, amendments to the Electoral Law, and the problem associated with gangs in parts of the country's 25 municipalities, where the traditional ad hoc registration system is practiced.

Regarding these points, Zelaya indicated that the president and magistrate of the Electoral Tribunal have already been elected. Carlos Gabuardi has delivered the keys to part of the Nigaraguan Institute of Statistics and Census (INEC), which stores data on the population, including the number of residents by municipality and the citizens eligible to vote on 20 October.

Zelaya said that the government and the Electoral Tribunal recently asked the international community to support the programs aimed at reintegrating gang members into society.

Election Figures

According to the INEC, 2,284,023 citizens will be eligible to vote on 20 October. Zelaya reported that 1,887,337 requests for personal identification cards were received by 12 April, exceeding all expectations. The state branch was expecting 1,088,325 requests.

She reiterated the CSE's expectations that 1.1 million people will turn out to vote with their personal identification cards during the general elections. The official stated that 328,389 personal identification cards have already been issued, and hopes are to meet the set goal by September.

Zelaya explained that the general elections are expected to cost $31.8 million. They are currently experiencing a $7.1 million deficit, which they hope to lower with aid from the international community.

Nicaragua: FSLN Notes Party Willingness To Form Alliances

PA1904191696 Managua BARRICADA in Spanish 16 Apr 96 p 4

[Interview with Commander Bayardo Arce, member of the National Directorate of Nicaragua's Sandinist National Liberation Front, by Pablo Emilio Barreto; place and date not given; first four paragraphs are BARRICADA introduction]

[FBIS Translated Excerpt] The Sandinist National Liberation Front [FSLN] is working on the possibility of a making a concerted effort and of reaching a political alliances to arrive at a governability accord with other political, professional, business, and social groups should the FSLN win, alone or in an alliance, the October elections, FSLN National Directorate member Commander Bayardo Arce Castano stated yesterday.

Arce Castano affirmed that the FSLN and he personally have been holding meetings with leaders from almost all of the country's political parties to seek consensus and basic accord toward drafting an electoral ethics code so that the October elections results are respected.

"We are seeing that the country's situation is so critical that no party can move the country forward, no matter how strong it may be and no matter how wise, qualified, or experienced its cadres are," Race commented.

And here he added "we need to agree on a national effort and that is what the FSLN is proposing to do. What we are proposing is that — should we win the elections, whether in an alliance or alone — we invite other political, professional, and social sectors and personalities to be a part of the government, notwithstanding the fact that the central concept of our government's platform is the system of reaching consensus with organizations that represent civilian society, especially the economic agents."

[Barreto] You have held meetings with the leaders of political parties. Have you explored the possibility of alliances with some of them?

[Arce] All the discussions we have held with the country's political parties have been to express that viewpoint. We have sent feelers to these parties and to professional associations and social sectors regarding a future alliance. We have directly told some of them of our willingness and interest to consider an alliance with them but have not told others that.

Alliances in the Final Stretch

[Arce] I clearly understood that the possibilities of an alliance will be expressed in the final stretch. The dateline does not just concern us but all the political forces. The registration datelines, I think, are 14 and 17 May.

Everybody (the parties) wants to make their final decision almost right up to the registration date. I understand that the PLC [Constitutional Liberal Party] will hold its convention on 5 May. The FSLN's regular congress is also on that date. Pronal [National Project] is drawing its last cards on that day. I heard Virgilio Godoy say that the PLI [Independent Liberal Party] convention will be around that date. [passage omitted]

[Barreto] Will Reverend Miguel Angel Castro be left out as an aspiring candidate for the vice presidency on account of that policy of national alliances?

[Arce] He may run as a candidate for another post. He may perfectly well launch his candidacy for president at the FSLN Congress. Right now we have three comrades proposed by groups of people: Daniel Ortega, Vilma Nunez, and Alvaro Ramirez Gonzalez. Any FSLN member may launch his candidacy at the Congress. [passage omitted]

Panama

Panama: President Denies Dollar To Leave With Bases

PA1804123896 Panama City EL PANAMA AMERICA in Spanish 17 Apr 96 p A1

[Report by Antonio Diaz]

[FBIS Translated Text] President Ernesto Perez Balladares denied yesterday in Paris that the dollar will leave Panama when the United States withdraws its troops from Isthmian territory.

Talking before members of the National Council of the French Foundation, Perez Balladares also reiterated the possibility of negotiating a military presence in the country after the year 2000 with the United States if there are "signs of economic benefits."

He was asked what he feared most, the excessive presence of the United States in the Central American country or the possible lack of interest of the U.S. Administration once Panama assumes the operation of the interoceanic pathway in 1999. The president answered: "if we have to choose between too much or too little, I, as a Panamanian, would choose, too little (interest)."

Panama: President Meets With UNESCO Chief, Businessmen

PA1704183096 Panama City Telemetro Television Network in Spanish 1730 GMT 16 Apr 96

[Report by Dorita de Reyna from Paris, France; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Today in Paris, President Ernesto Perez Balladares and First Lady Dora Boyd de Perez Balladares began the day by having a breakfast meeting with UNESCO Secretary General Federico Mayor Zaragoza, who promised to support the City of Knowledge project. He also promised the first lady an initial backing of $90,000 for the educational programs she is promoting. Zaragoza also asked the first lady to become a member of the UNESCO Advisory Council in order to prepare for the World Youth Congress.

Later in the day, President Perez Balladares opened a business forum organized by the National Council of the French Foundation [Consejo Nacional del Patronato Frances], the equivalent of Panama's Conep [National Council of Private Enterprise].

As opposed to yesterday's forum, when members of the Paris Chamber of Commerce and Industries concentrated on their own specific topics of interest, today's gathering focused on macroeconomic issues. Perez Balladares' message was geared in that direction. He reiterated that the efficiency with which the Canal will be managed after the year 2000 will allow for a transparent transition. He said it is a commitment with the international community and a challenge for Panamanians.

Perez Balladares also spoke about the canal's universal congress and said he hopes it will serve to inform people of the plans being drafted by the government and to demonstrate to investors the numerous advantages offered by our country. The Panamanian president later met with the presidents of the Conep, the Chamber of Commerce, Apede [Panamanian Association of Business Executives], and the Association of Concession Holders of the Colon Free Zone who are accompanying him on this trip.

In this meeting, President Perez Balladares told them that we realize that the rest of the world can live without us. That is why we must continue to promote Panama abroad. We have to knock on doors to obtain the benefits already afforded to other countries.

Conep President Victor Lewis told President Perez Balladares that during this European tour he noticed how little knowledge there is of Panama. Despite this fact, he realized that the trip produced a genuine interest in Panama among the European businessmen. Lewis promised to get Panamanian business executives to respect the agreements signed in Rome, the agreement which will be signed in Paris today, and the accord which will soon be signed in Brussels, after improving the document they had presented.

Meanwhile, Chamber of Commerce President Juan Jose Vallarino told the president that there are two fundamental points that need to be considered in order to attract investors. One is legal security for investment. Investors arriving in Panama must know and be given guarantees that the rules of the game will not be changed. Vallarino also told the president that he believes that the Panamanian diplomatic corps must support the efforts being made. The president answered by saying that he will ensure that the current diplomatic corps will truly become a promoter of Panama and will follow up these types of government efforts.

Panama: Ministry Official on U.S. Right To Revoke Visas

PA2004143296 Panama City EL PANAMA AMERICA in Spanish 19 Apr 96 p 3A

[FBIS Translated Text] Yesterday, Acting Deputy Foreign Minister Erich Rodriguez Auerbach [title as published] acknowledged the United States' sovereign right to grant, withdraw, or refuse entry visa to its territory to any Panamanian.

Rodriguez pointed out that in the case of former Immigration Department Director Antonio Dominguez, the Foreign Ministry had not yet received any official notification with respect to an alleged investigation in the United States for illegal aliens trafficking.

Nevertheless, the acting foreign minister stressed the likelihood of coordinating steps with U.S. authorities to participate in any investigation into a crime of the "magnitude of illegal aliens trafficking."

He added that if efforts between both government can be coordinated, everything possible can be done to control this type of trafficking.

Erich Rodriguez Auerbach highlighted that illegal immigrants trafficking is a crime the Penal Code penalizes with prison terms ranging between 10 and 15 years.

This week it was announced that the U.S. Consulate had revoked Dominguez visa, as well as that of Mario Rognoni, former legislator for the Revolutionary Democratic Party, who has pointed out as an alleged "terrorist."

Panama: Article Says Referendum on Bases Unnecessary

PA2004142896 Panama City LA PRENSA in Spanish 19 Apr 96 p 35A

[Article by Clarence C. King, planner at Rodman Naval Station: "A Referendum on the Bases Will Not Be Necessary"]

[FBIS Translated Text] Any Panamanian who pays attention, objectively, to the development of the events and the remarks made by ranking officials, both from the United States and Panama, would realize that there is a great interest in renegotiating the U.S. military presence in several bases with the specific objective of countering drug-trafficking activities in the hemisphere. This remark was made recently even by the U.S. ambassador to Panama.

According to the news published on 12 April 1996, Panamanian President Ernesto Perez Balladares discussed the possibility of renegotiating the U.S. military presence in Panama beyond the year 2000, "but totally separated from the canal," and added that "there will not be any referendum on the topic."

I listened to the angry reactions of several radio commentators, legislators, and the public to the president's statement. Some people believe that not submitting this decision to a national referendum would be a constitutional violation.

I honestly believe that many Panamanians have not taken the time to carefully review recent events or the Constitution, because if they had, they would have realized the following:

Under Title 14, "Final Regulations" of the Constitution, Article 310 indicates: "The international treaties and agreements signed by the executive on the Canal, its adjacent area and the protection of the said Canal, as well as the construction of a canal at sea level or a third set of locks shall be approved by the legislative branch, and after their approval, they shall be submitted to a national referendum."

Reviewing Article 179 of the same Constitution, Paragraph No. 9 stipulates: The following fall within the authority of the president of the Republic with the participation of the pertaining minister: "lead the country's foreign relations; and sign treaties and public agreements, which will be submitted to the consideration of the legislative branch."

It is then obvious that any treaty related to the canal or its defense will have to be submitted to a national referendum. However, the treaties signed by the executive branch that are not related to the Canal will only have to be submitted to the consideration of the legislative branch and then, they will become law of the Republic. Those treaties do not have to go through a referendum.

However, if we examine that in recent months there has been much talk of renegotiating the U.S. military presence in Panama with the objective of fighting drug trafficking, we will realize that such an event would be entirely dissociated from the Canal's operations and defense. Therefore, the executive would be fully entitled to decide whether or not such a decision is submitted to a national referendum. The emphasis made by the Panamanian president that such a presence would be entirely dissociated from the Canal corroborates the validity of my reasoning. President Perez Balladares has these options, and if whenever public polls are conducted, the results are negative, he would simply refrain from submitting this matter to a referendum. I believe, however, that the U.S. Government would very much favor a national referendum as it would give more legitimacy to extending its presence in Panama.

I must say that it is a shame the Panamanian people, faced with this dilemma, cannot count on the guidance of the political parties as far as national policy regarding the military bases. The political parties have only helped to confuse the people. Later, they will come, with their mocking tone, with lies to seek our votes with the subterfuge that they have the solution to our problems. The people should put them in their rightful place and treat them with the contempt they deserve.

For the sake of society's health, political parties need to encourage and take part in public discussions to do with the most sensitive national issues. We need their ideas, their guidance, their collective experience, and their interest, as a unifying factor of the Panamanian people. Most of the people ask themselves: Why can't we renegotiate the U.S. presence in some bases and try to receive additional income from the other reverted bases?

We need to repeat it: Panamanian rulers and politicians have not had the courage to explain to the Panamanian people the economic reality that awaits them with the departure of the military bases. They have not had the courage to explain that our economy is destined to decline between 15 to 20 percent when the bases close and that we should have stated our wishes more clearly. They need to speak to us clearly, without suppositions, and with exact figures, on income, unemployment, public debt, public spending, poverty, etc., so that we can make intelligent decisions. They need to inform us in what ways do they plan to improve our economy to normal levels so as to offset the loss of more than $400 million a year, the loss of over 5,000 jobs, and the end of several contractors, plus all the expanding wave of secondary effects, and with what budget do they plan to maintain the bases that will soon be reverted to us without placing us excessively in debt. It is necessary that all voices, both for and against renegotiating the bases, be heard without fear of being characterized as anti-patriots, so that the Panamanian people can form a sensible and informed opinion.

Panama: Report on High Government Debt, BNP's Role

PA2004011296 Panama City EL PANAMA AMERICA in Spanish 14 Apr 96 p 2A

[Report by Jose Montano]

[FBIS Translated Text] According to information gleaned from the Comptroller General's Office and the GACETA OFICIAL, the government is moving amid a dance of contracted international loans and in a slow disbursement process for more than $878 million, while at the same time involving the National Bank of Panama [BNP] in a network of credits to official institutions for an extra $18 million.

According to these reports, President Ernesto Perez Balladares' quest for credit, includes prolonged periods of grace in the international contracts. Most of the more than a dozen loans with the BNP, up to periods of 15 years, will not begin to be repaid before 1998.

According to the Comptroller General's Office, "at the end of 1995, the public debt amounted to 7.724 billion balboas" and of the loans in the process of being disbursed (878.109 million balboas), the Panamanian Government only received 101,148,563 balboas up to 31 December 1995.

The Comptroller General's Office also confirmed a $43.5 million "net increase" of the central government's foreign debt during 1995.

"At the end of 1995, the central government's contracted debt registered a net reduction of 83.1 million balboas when it went from 4.7527 billion balboas as of 31 December 1994 to 4.6696 billion balboas as of 31 December 1995. Of this variation, a 43.5 million balboas increase was attributable to foreign debt and a 126.6 million balboas decrease to the domestic debt," according to the textual report by Comptroller General Aristides Romero Jr.

The report also indicates that "up to 31 December 1995, the balance of the public sector's contracted debt totalled 5.7246 million balboas, which when compared to the 5.8287 million balboas on 31 December 1994, reflects a net reduction of 104.1 million balboas. This includes 32.6 million balboas increase in the foreign debt and the 136.7 [million] domestic debt reduction." [figure as published]

In addition, a computerized cross-check of information from the GACETA OFICIAL, shows that the current administration has made official, through resolutions and cabinet decrees, more than 20 financial operations linked to fresh debts and actions to service the Panamanian debt.

The government agreed under Cabinet Decree No. 13 on 15 May 1995, to renegotiate the commercial debt (including capital and interest) represented by IOU's, foreign security-bond guarantees, and other Republic of Panama credit documents placed abroad, and through contractual obligations with banks and financial entities, such as through syndicated loans or in any other mode under the terms and conditions described in the decree.

Prior to this, on 29 December 1994, the government issued a cabinet decree authorizing the Victoria Sugar Corporation to acquire a $2 million loan with the BNP.

A year later, on 27 November 1995, the government authorized loan contracts abroad to pay for working capital owed according to a line of credit refinancing plan for decentralized entities.

Together with this, but under a separate decree, the government also authorized contracting a loan between the Planning and Economic Policy Ministry and the BNP and the purchase of bank guarantees by the BNP to carry out a foreign debt refinancing plan. One month later, on 20 December 1995, the government issued Cabinet Decree No. 31, authorizing a loan between the Public Works Ministry and the BNP for up to $2.879 million.

Simultaneously, on that same day, 20 December 1995, the government issued another decree approving a loan contract between Panama and the International Fund for Agricultural Development (IFAD) worth $7,984,822.

In the months of August and October of 1995, the government also obtained loans from the BNP. Two loans were destined for La Victoria Sugar Corporation for $1.1 and $2.1 million, respectively, and another for the Ministry of Housing for $2.6 million.

During the first two months of 1996, the government made use of its cabinet decrees to have the BNP grant loans to the Ministries of Planning and Economic Policy (2), Agricultural Development, and the Presidency for $8.6 million, $400,000, and $760,000, respectively.

In early February, the government also sanctioned the loan contract with the Inter-American Development Bank [IDB] for the Program to Reduce the Foreign Debt and its Servicing, for $30 million.

On 13 February 1996, another cabinet decree?

One month later, on 22 March 1995, four cabinet decrees issued that same day authorized loans with the IDB (2), the IBRD [International Bank for Reconstruction and Development], and the World Bank for $33.6, $35, $2.8, and $30 million, respectively.

The $30 million loan granted by the World Bank will be used by the government to "secure guarantees for the payment of principal, interests of bonds at par and at discount, as well as for reducing interests."

This past March, the BNP also authorized another loan agreement for $50 million with the International Commercial Bank of China, contracted another $35 million with the IBRD, and authorized the execution of the Financing Plan described in Cabinet Decree No.

13 of 15 May 1995 which includes a bond issue that will be swapped for part of the country's foreign debt.

Last year, the BNP signed a loan agreement with the International Commercial Bank of China and is lending funds from it to several government institutions.

Up until this past weekend, it had been impossible to establish details with respect to the amount or cost of this loan. Financial specialists consulted by EL PANAMA AMERICA pointed out that this information is vital "since the BNP, in addition to compromising its credit, could also be acquiring obligations that belong to other institutions."

They added that some of these costs could turn into a unfavorable differential for the BNP since the interest on the loan paid to the International Commercial Bank of China (London Interbank Offering Rate plus X percent), could be greater than the 4 percent interest the BNP is charging the Panamanian Government.

The situation, they explained, could well represent a potential subsidy that benefits the government of President Ernesto Perez Balladares.

Together with this, the financial specialists also believe there could be a major disparity between the relatively short period in which the BNP has to repay the oriental bank, and the up to 20 year period granted to the government to repay the loan.

Following is an exact outline of one of the loan operations between the government and the BNP:

Official Gazette 22,985. Cabinet Decree 6, of 26 February 1996. By which a loan agreement for 760,105.00 balboas between the State and the National Bank of Panama is hereby authorized and will be used by the Ministry of the Presidency-FES [Social Emergency Fund].

Terms and Conditions

Interest Rate: will be a fixed annual rate of 4 percent, on the amount disbursed and outstanding; to be paid every six months, on 31 May and 30 November respectively.

Terms: This loan will carry a 15 year maturity.

Grace Period: The loan will have a grace period on principal up until 30 May 1998.

Payments: twenty five (25) equal payments, one every six months, the first of which must take place by 31 May 1998.

Objective of the Loan: Funds originating from this loan will be used by the Ministry of the Presidency-FES to undertake the following projects:

- Balboa district street maintenance project.

$430,245.00

- Reina Torres de Arauz Anthropological Museum renovation project.

$219,860.00

- Teachers training center project, Rio Grande-Penonome.

$110,000.00

Total: $760,105.00

The funds for this loan will originate from Loan No. 070006 between BNP and the International Commercial Bank of China on 23 February 1995.

The executive branch, through the Ministry of Planning and Economic Policy, will take the necessary provisions to include into each year's budget, on behalf of the government, sufficient funds to repay all principal and interests attributed to the loan.

As an example, the debt service of the previously mentioned loans have not been incorporated into this administration's budget.

In response to a request by EL PANAMA AMERICA, systems analyst and programmers were able itemize all the loan information included in the Official Gazette issues covering the period between August 1994 and March 1996. The list shows that the terms and conditions of the loans alluded to do not have any significant variation.

This week, the Acting Planning Minister Carlos Vallarino, as well as the BNP general manager, declined to comment on the issue.

BNP spokesman Raul Cedeno pointed out that "the National Bank of Panama is definitely not going to make any comments since whatever decision was adopted was based on government policies. The BNP is merely a financial broker. Any questions should be directed to the Ministry of Planning and Economic Policy," stated Cedeno in a telephone call he made to reciprocate EL PANAMA AMERICA's visit to his office to obtain an official statement from the bank.

In the meantime, a report by the Comptroller General's Office dated 1 May 1996 [date as published] confirms that last year the government did increase its debt service obligations by $64.5 million, its amortization by $102.4 million, and its interest payments by $38.8 million.

During 1995, the government assigned $513.8 million to its debt service program, $289.9 million to amortization,

$220.8 million in interest repayment, and $3.1 million in commissions and bank expenses.

With respect to the total commercial debt (capital and interests), the Comptroller General's Office confirmed that it amounts to approximately $3.5 billion.

It has been anticipated that the Panamanian foreign debt will increase in the short and medium term because of the more than 20 presidential trips.

Panama: Banking Commission Decides To Liquidate Banaico

PA2004163096 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Apr 96

[Report by Alexandra Ciniglio; from the "RPC Television News" newscast]

[FBIS Translated Text] After months of speculations, the National Banking Commission [CBN] has finally reached a decision with respect to the Banaico [Agro-Industrial and Commercial Bank of Panama, Inc.] case. The initial decision to liquidate the bank is confirmed and now account holders can only wait.

The CBN met behind closed doors to once again examine the Banaico case. There seemed to be little doubt with respect to the current situation.

[Socimer], the firm that had initially expressed interest in taking part in Banaico's reorganization, has now announced that it was unable go through with its initial plans.

Minutes before the start of the CBN meeting, Fernando Nunez Fabrega, spokesman for Banaico account holders, arrived with a new proposal.

[Begin Nunez Fabrega recording] I am referring to the First Bank of Puerto Rico, which is a bank that has approximately 4.2 billion [no reference to currency as heard], and has expressed interest in starting negotiations with the CBN to purchase Banaico and transform it into a branch. [end recording]

Nunez Fabrega was in possession of documents attesting to the interested bank's financial background, however, he was not allowed to take part in the CBN meeting. Several hours went by without any decision being adopted.

A few of the banking commissioners decided to leave before the meeting had ended, and refrained from making any statements.

[Begin CBN Commissioner Miguel Heras recording] The issue is still being discussed. It is still being discussed. [end recording]

It was not until five hours after the meeting had begun when Acting Planning Minister Carlos Vallarino, who chairs the CBN, finally gave a recap of the case since the bank was placed under receivership. A decision has finally been adopted.

[Begin Vallarino recording] On this day, the banking commission has decided to dismiss a reconsideration proposed a few days ago by Banaico's legal representative. On the other hand, the CBN also confirmed that the bank will be sold off. [end recording]

The acting minister stipulated that the CNB had no other option since there were numerous uncertainties surrounding the Puerto Rican bank.

[Begin Vallarino recording] We have been unable to obtain information confirming the names of its owners, its capital, or its financial stability. [end recording]

Banaico's account holders reacted immediately to the banking commission's decision.

[Begin Nunez Fabrega recording] We were confident that included among this administration's modernization program there would have been plans to give this country's banking center an opportunity to improve so that it could rival with other international banking centers. Unfortunately, I personally believe this has not been the case. [end recording]

Now the CBN will be forwarding the case to the jurisdiction of the judicial branch, which will be responsible for appointing a liquidator to sell off the bank's assets.

What has yet to be settled is when account holders will be able to recover their funds and what amount they will receive.

Panama: Agreement on European Concern Over Canal's Future

PA2104153396 Panama City LA PRENSA in Spanish 20 Apr 96 p 1A

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] Several ministers who took part in President Ernesto Perez Balladares' recent European tour concur in that the European nations that they visited expressed concern with respect to the management of the Canal once it reverts to Panama in the year 2000. Nevertheless, the ministers also stressed that following the tour, they were able to infuse more confidence among these nations.

Commerce and Industries Minister Nitzia Villarreal explained that Europe is very interested in the Universal Congress on the Canal, an event slated to take place next year, which will be chaired by U.S. President Bill Clinton and French President Jacques Chirac.

The minister, who also took part in the presidential tour, explained that it was critical to provide the European community with a certain degree of confidence that "the Canal will continue to be managed efficiently even after the 2000 when it reverts to Panama."

"We feel that what we have been able to instill with respect to Panama's image in Europe, is confidence in the fact that we have a government and people that can handle the Canal in an efficient manner," the minister added.

For his part, Housing Minister Francisco Sanchez Cardenas, who is also second assistant secretary of the PRD [Revolutionary Democratic Party] and who also traveled to Europe, pointed out that the issues discussed the most during the tour where those related to the future of the Panama Canal and the universal congress on the interoceanic waterway.

Sanchez Cardenas acknowledged that during the tour they perceived great concern throughout the world about the future of the canal.

Nevertheless, he indicated, "concern subsided" when they learned that 92 percent of the Canal work force is currently Panamanian." Likewise, he explained that "confidence" was strengthened even more when Panama explained its plan to incorporate a constitutional clause granting complete autonomy to the Canal.

Europe's concern over the future of the passageway is grounded in the fact that 25 percent of the cargo currently passing through the Panama Canal originates from that continent.

Sanchez Cardenas pointed out that the Panamanian delegation provided wide-ranging explanations on issues related to the laws that will regulate the management of the Panama Canal, which will replace current U.S. legislation for one that is fully Panamanian, as well as on the Universal Congress on the Canal.

It is expected that this Congress will be attended by ship owners, shipping companies, and users who will be witnessing the decisions the Panamanian Government will be adopting once the interoceanic waterway reverts to this country's government.

"It is up to us, the Panamanians, to make sure that the canal issue supersedes the political parties," so that it will continue operating "efficiently, just as it has been operating up until now," the high ranking official explained.

Sanchez Cardenas commented that these types of promotional tours "are necessary in today's diplomatic and economic world." Therefore, he stated, this practice of promoting the country should continue "regardless of which administration is in office."

Panama: Assembly Favors Amnesty for Pedro Miguel Gonzalez

PA2104203096 Panama City EL PANAMA AMERICA in Spanish 20 Apr 96 p A1

[Report by Carlos Vargas]

[FBIS Translated Text] Yesterday, National Assembly President Carlos Alvarado requested that the name Pedro Miguel Gonzalez be included on the list of individuals to receive amnesty.

Alvarado described the son of Gerardo Gonzalez, president of the Revolutionary Democratic Party (PRD), as a "patriot" who deserves amnesty.

"I believe that Pedro Miguel Gonzalez should be included because he is a patriot," Alvarado stated.

Pedro Miguel Gonzalez remains under arrest for the alleged June 1992 murder of U.S. Southern Command Sergeant Zak Hernandez, an incident that took place on the eve of former President George Bush's visit to Panama.

Carlos Alvarado disagreed with statements by his PRD colleague, Balbina Herrera, president of the Amnesty Commission, who ruled out including Gonzalez on the list.

In reference to the likelihood of Pedro Miguel Gonzalez being granted amnesty, the PRD legislator replied that "no one at the Assembly knows what is going to take place until the bill is finally approved, therefore anyone can submit a proposal."

Argentina

Argentina: U.S. Peace Proposal for Koreas Supported

PY2004034596 Buenos Aires TELAM in Spanish 2104 GMT 19 Apr 96

[FBIS Translated Text] Buenos Aires, 19 Apr (TELAM) — The Foreign Ministry reported this afternoon that Argentina expressed its support for a proposal drawn up by the United States, seeking a peaceful solution to the conflict in the Korean peninsula.

The communique points out that the Argentine Government shares "the international community's concern over the tension created in the Korean peninsula early this month, reasserting its support for the principles of international peace and security."

The Foreign Ministry expressed its support for the U.S. proposal of immediately holding talks between the sides "inasmuch as it promotes the pursuit of a peaceful and definitive solution to this issue."

The communique notes that, during their meeting in Chejudo on 16 April, U.S. President Bill Clinton and ROK President Kim Yong-sam released a joint proposal for holding a quadripartite meeting" to seek a solution to the conflict.

The proposal favors a meeting "without conditions and as soon as possible" among representatives from the United States, the ROK, the DPRK, and the PRC."

The official communique indicates that "the goal of this meeting is to initiate a process designed to achieve an agreement on permanent peace in the Korean Peninsula."

Argentina: Duhalde Returns From 'Successful' U.S. Visit

PY2204055296 Buenos Aires TELAM in Spanish 1920 GMT 20 Apr 96

[FBIS Translated Text] Buenos Aires, 20 Apr (TELAM) — Buenos Aires Governor Eduardo Duhalde today returned to Argentina after a five-day tour in the United States. Duhalde met with U.S. Vice President Al Gore and asked foreign businessmen to invest in Buenos Aires Province.

The success of Duhalde's visit was confirmed by his aides and Raul Granillo Ocampo, Argentine ambassador to the United States. Granillo Ocampo stated that "the tour was very successful and left behind a highly positive impression" because, according to the ambassador, "Duhalde's (electoral) position with a view to 1999 was perfectly well understood."

David Mulford, vice chairman of the Credit Suisse First Boston, also underscored the importance of Duhalde's visit. Mulford introduced him to the bankers as "an exceptionally successful political leader and a key political player."

Duhalde's busy agenda in the United States included visits to Washington, New York, and Atlanta during which he met with U.S. Vice President Al Gore and IMF Managing Director Michel Camdessus.

Duhalde also met with Enrique Iglesias, chairman of the Inter-American Development Bank, World Bank Chairman James Wolfesohn, and financier George Soros. He also briefed a group of bankers and met with leaders of the Jewish community.

At every meeting with government officials and business representatives Duhalde made a point of making it clear that should he become president in 1999, he will not change President Menem's economic model, which is, according to him, "irreversible".

He said: "Hypothetically speaking, should I become president, President Menem's policies will not be significantly changed."

The Buenos Aires governor also emphasized that "there is no threat of instability and reaffirmed that the administration's economic policy will not fail because "even the poorest citizens support the reform program." [quotation marks as received]

He stressed: "President (Carlos) Menem promised to change history, and the current changes are unstoppable; they have taken root among the people and there is no turning back. The process of change in Argentina is irreversible."

During his five-day tour in the United States Duhalde met with potential U.S. investors interested in the privatization of the Buenos Aires Electrical Services Company (ESEBA).

Jorge Luis Remes Lenicov, economy minister of Buenos Aires Province, said today that Duhalde's meeting with U.S. business representatives was "successful." The governor described the features of the company for them.

The quest for investors abroad will continue. Duhalde will travel to Great Britain and Germany, where he will also meet with key government officials and foreign investors.

During his visit to the United States, Duhalde indicated that Mercosur [Common Market of the South] and NAFTA "are moving in the same direction: Toward a hemispheric area of free trade and a lot of cooperation."

Duhalde said: "Although the governments may take their time, integration is moving ahead quickly, driven by businessmen who are working at full speed."

Duhalde predicted that "in a few years we will have a great hemispheric market free of barriers."

Argentina: Economy Minister Cancels Trip to U.S.

PY2204060696 Buenos Aires TELAM in Spanish 2324 GMT 21 Apr 96

[FBIS Translated Text] Buenos Aires, 21 Apr (TELAM) — Argentine Economy Minister Domingo Cavallo will not travel to the United States today as planned. He will stay in Argentina to prepare his statement to Congress scheduled for 24 April.

Government spokespersons reported that the minister will stay in the country "in view of the questioning he will be subjected to on 24 April, and the work it will take to prepare his statement."

Cavallo was scheduled to leave for New York on 21 April and to then go on to Washington to attend a meeting of the IMF Interim Committee.

According to his agenda, the minister was scheduled to return to Argentina on 24 April to appear in Congress at 1000. He was to first brief the Budget Committee of the Chamber of Deputies and then submit to formal questioning.

The participation of the economic portfolio chief in the IMF meeting would have taken place shortly after this organization unanimously approved a 21-month standby loan worth $1.024 billion for Argentina.

It was also announced this week that revenue, expenditure, and reserve targets for the first quarter of the year, as set forth in the accord with the IMF, had been met.

Argentina: Buenos Aires To House Narcotics Control Board

PY1904200996 Buenos Aires TELAM in Spanish 1255 GMT 19 Apr 96

[FBIS Translated Text] Buenos Aires, 19 Apr (TELAM) — Julio Cesar Araoz, secretary for the prevention of drug addiction, has announced from Vienna that Argentina will be the regional seat for the International Narcotics Control Board.

The announcement was disseminated here today through a communique released by the Press Office of Araoz' secretariat. It indicates that this project is part of the UN International Drug Trafficking Control Strategy.

Araoz is in Vienna for a UN Economic and Social Council meeting. He signed a proposal with Robert Gelbard, U.S. assistant secretary for International Narcotics and Law Enforcement Affairs.

The agreements achieved by Argentina and the United States were highlighted on that occasion, and member countries were requested to adopt "more energetic measures to control money laundering."

The Argentine secretary also met with Giorgio Giacomelli, executive secretary of the UN International Drug Trafficking Control Strategy, who accepted an invitation for the organization to meet in Buenos Aires.

Araoz outlined the Argentine position when he explained: "Since 1989, the Argentine Drug Penalty Law not only represses crimes linked to the use, abuse, and trafficking of drugs, it also establishes security, educational, and curative measures as a complement for users and addicts."

Finally, Araoz stated that Argentine legislation was updated in 1995 to provide for legal aspects such as controlled deliveries, repentance, and undercover agents, and thus form "a necessary framework within which to efficiently fight the illegal trafficking of drugs."

Argentina: Menem Rules Out Possibility of Reelection

PY1904182296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1339 GMT 19 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 19 Apr (NA) — In a move to "end this inconsequential farce," President Carlos Menem said "there is no possibility whatsoever of a second reelection" in 1999.

Menem laid the blame for trying to cause friction between the head of state and Buenos Aires Province Eduardo Duhalde — who is touring the United States — "at the door of some journalists."

The president underscored: "I do not know if the information is correct, but I understand that a considerable number of reporters met in Uruguay to launch a campaign to sow enmity between myself and Duhalde. They are sure to fail."

The chief executive declared: "Duhalde is a very close friend and we are working together for the well-being of our country from our respective positions. He is a great ruler. Buenos Aires Province has for many years been without a governor of the caliber and daring of Duhalde."

Menem stressed: "The president of the Republic unconditionally supports Duhalde in all his present endeavors."

Although at first he stated that he did not know who raised the issue of a referendum to open the possibility of a third consecutive term of office as president, the head of state later blamed a group of reporters and the opposition for having initiated the discussion of the reelection. He stated: "There is no possibility whatsoever of a second reelection" in 1999.

He told an interviewer this morning on Radio La 9.90: "I really appreciate your question so we can definitely end this inconsequential farce." [passage omitted]

Menem said this morning: "Political adversaries have refloated this subject" and directly accused the Radical Civic Union of publicizing the bill [to call a referendum] without knowing if it was true. [passage omitted]

Argentina: Menem on Reelection, Minister, Middle East

PY2204102596 Buenos Aires TELAM in Spanish 1355 GMT 21 Apr 96

[FBIS Translated Text] Buenos Aires, 21 Apr (TELAM) — President Carlos Menem reiterated on 21 April that he does not want to be reelected in 1999 and that the Justicialist Party is not campaigning for a third term in office.

Menem told Radio America: "I have said it before. I do not want to hear any more about it, there is not a chance" of running again for president.

The chief executive said that this harping about his reelection "is boring, tiring, and wearing me down" and emphasized that "the Justicialist Party never formally suggested it. The idea came from certain politicians in the ruling party and the opposition."

Menem denied that Defense Minister Oscar Camilion tried to submit his resignation recently due to repercussions from the alleged sale of arms to Ecuador.

"That is a crazy rumor," Menem said, and confirmed that he decided to put Camilion in charge of all the investigations into the affair. He stressed: "Who could lead this investigation better than the defense minister?" He added: "We are not going to do anything to prevent this (investigation) from moving ahead fast, to find out what happened and who are responsible, if these arms were indeed sold to Ecuador."

The president explained that the entire cabinet supports Camilion and underscored that "this is the way to show that there are no confrontations or internal power struggles" in the administration.

Asked about the Middle East, Menem reported that on 22 April he will try to get in touch with Yasir 'Arafat, Shim'on Peres, his U.S. counterpart Bill Clinton, and the Lebanese Government so that "to the extent possible, Argentina will play a positive role" in the quest for a solution to this conflict. The president also announced that he will soon send a plane with humanitarian aid to the area of combat.

Asked whether the military conflict increases the possibility of other attacks in Argentina, Menem promised that "security has been tightened to prevent anything like this from happening."

He ruled out any government investigation of Radical Civic Union Senator Leopoldo Moreau, who had tied it to the upcoming questioning of Economy Minister Domingo Cavallo.

President Menem said that Cavallo can defend in Congress all the measures implemented "within the framework of the Constitution," so "all this talk about heavy artillery is meaningless."

Asked how long the VAT will be kept at 21 percent, Menem answered: "I do not want to mention any dates, but this tax will go down to 18 percent at anytime now."

Finally, Menem highlighted the visit that Chilean President Eduardo Frei will pay to Argentina on 24 April. He added: "It is quite possible that a free trade agreement will be signed with Chile in June."

Argentina: Cavallo, Menem on Convertibility Success

PY2004020096 Buenos Aires TELAM in Spanish 1519 GMT 19 Apr 96

[Report by unidentified TELAM correspondent from New York]

[FBIS Translated Text] New York, 19 Apr (TELAM) — Buenos Aires Province Governor Eduardo Duhalde asserted today that there is no danger of instability in Argentina, adding that Argentina's policy will not fail because "even the people of the humblest birth support the reform program."

While acknowledging that the unemployment rate "stands at 17 percent," Duhalde deemed that this "does not entail risks for the economic plan, since the stability prevailing in Argentina prompts even the people of the humblest birth to support the reform program."

The Buenos Aires Province governor recalled that prior to the Menem administration, "the poor people could not make ends meet because inflation ate into their income to the tune of 5 percent per day."

Duhalde underlined: "Stability and confidence have conferred strength upon the incumbent administration. This is why [President Carlos] Menem, who carried off the first presidential elections polling 46 percent of the vote, was reelected upon receiving 51 percent of the vote."

Having stressed that Argentina "supports the Convertibility Plan," the governor contended that "when the man in the street adopts the administration's economic policy, it is highly unlikely that the latter should fail." He nonetheless conceded that "much remains to be done to consolidate this process."

In a speech delivered at the headquarters of the Americas' Society in New York, the Buenos Aires Province governor demanded "understanding" so that Argentina may "make strides in the adjustment process it is currently pursuing with a view to ranking in the future among the leading countries in the world."

Notwithstanding his repeated refusal to openly discuss [the 1999 presidential] candidacies, Duhalde reiterated that "if, hypothetically," I were to be at the helm in Argentina, I would further the same policies undertaken by Menem, "whose leadership was instrumental in extricating our country from the nightmare we experienced with rampant inflation and the constant depreciation of our currency."

In reply to a question about the charges of irregularities pressed by Economy Minister Domingo Cavallo last year, the Buenos Aires Province governor said: "Cavallo did what he thought was right when he brought an action before the courts concerning alleged irregularities."

Duhalde explained: "Cavallo's allegations aroused quite a controversy in our country over the alleged mafias. Nevertheless, it is the judiciary which has to decide on the subject." Duhalde took this opportunity to "praise" the work done by the economy minister.

The governor will end his tour of the United States today with a luncheon with Thomas McGillicudy, president of the New York Federal Reserve Bank. He is scheduled to leave for Argentina at around 1800 local time.

Argentina: Reasons for Menem's Support Examined

PY2204000196 Buenos Aires AMBITO FINANCIERO in Spanish 18 Apr 96 pp 1, 2

[FBIS Translated Text] The so-called ultra-Menemists have made the political sector frantic over the past few days because they have brought to the fore the latent topic of another reelection of Carlos Menem in 1999. Raul Granillo Ocampo [Argentine ambassador to the United States] has gone even farther and has used the term "father" when referring to the president, maybe because he is subconsciously thinking about the "Papa Doc" of some lost Latin American dictatorship. But as everyone knows, men like this ambassador, a man of little merit and of even less capability, can only remain at the head of an embassy — the embassy in the United States, no less — by constantly fawning over Menem, and just so long as the North Americans have direct communication with the Argentine Government through the Economy Ministry, eliminating the need to resort to the Argentine Embassy. This is why Cesar Arias, Alberto Kohan, Luis Barrionuevo, and other "savages" of Menemism come out every now and then with some kind of broadside. They know that the president of the nation, among his many good and bad qualities, takes an exaggerated stance on never forgiving those who at some time or another have snubbed him as a person. On the positive side, he always maintains his respect for a true friend, returns to the side of a person who has been unseated from a post, even he does not confide in him anymore, and has an irrepressible affection for those who have been faithful to him for a long time.

It is on this last quality, which they know very well, that the savage ultra-Menemists base their actions. They also need a 14 and 1/2 year term [total time Menem will be in office if reelected] in the Olivos Residence because they have been mercilessly anti-Duhalde [governor of Buenos Aires Province], to the extent of having encouraged the worst rumors about him; thus he is the last person they want to see installed in the Olivos Residence.

That is how things stand, period. But what the ultras are expressing today due to their personal desires is exactly the what the majority of the local business sector is also thinking, as are, for completely different reasons, the financiers and large U.S. investors (Japan has deliberately stayed out of the current carving up of Argentina). Thus, for different reasons, everyone wants Menem's reelection. It is not simply due to a small and circumstantial disagreement with the government of Buenos Aires Province that a very strong executive such as Oscar Vicente de Perez Companc has also called for Menem's reelection. Nor is it due to some kind of error that Manuel Antelo of Renault is toeing the same line. Mauricio Macri and dozens of businessmen are doing the same.

When one stops to think about it, it is quite logical. From the moment that Raul Alfonsin's Radical Civic Union opened up the possibility of the Olivos Pact, local and foreign businessmen did not even think about how Menem's first reelection came about. So why not start thinking about, hoping for, and ending up supporting a second reelection that is convenient to the interests those businessmen represent? Why would those businessmen want to support an Eduardo Duhalde, even though it is true that they consider him to be the most suitable

Menemista, if they have the Carlos Menem at hand? They know the current president very well. They lack confidence in Duhalde because they have noticed his lack of desire for privatization. They see him as a much more classic Peronist than the current president. They observe that he has been indecisive about resolving conflicts (it may be because they are thinking about the ridiculous role that the Buenos Aires Province governor played when he cried in front of the television cameras and descended to the level of a second-rate journalist, the author of a book which by virtue of the person it attacked managed to be offensive, but was commercially successful). They see a good thing in the governor when he brings in valuable men that Menemism has left to one side, such as Carlos Tacchi or Ricardo Cossio or Luis Pena or Alberto Fernandez (from the insurance sector), but they also know that there is a difference between collecting men and the magic that Menem has in discovering, always with intuition, aides that end up being a surprise and thus compensate for the dullness of the rest.

"If it's not broke, don't fix it." This is one of the happy concepts of the U.S. business world, but they also say that "if things are going badly, make the change now and you will gain by the loss." But Menem is doing well for those who are overseas, so one must not be surprised if the foreigners and local businessmen do not want to touch him.

They also know that a term of 12 years, which in Argentina ends up being 14 years and six months, today puts Menem at the middle of a triple mandate, and a democracy can well put up with the same president or prime minister, as was the case with Felipe Gonzalez and Margaret Thatcher. In the United States, they believe that no one should rule the country for more than eight years because the rules of the game are different there. Economic development is also of a different nature. We believe here in Argentina that the top-level businessman can permanently feel the sensation — although there are exceptions — that the politician or official with whom he has to talk or come to an agreement did not get to the top level by any other means than through his political accomplishments. He believes in this, and it is nearly always true that in a country where a worthwhile person can make a lot of money, he hardly ever accepts a public post in which they humiliate him, demand that he live in poverty and reduce his standard of living, and even question the very low salary that the state pays him. In view of this situation regarding the level of the politicians, it is also logical that the businessmen, especially if they placed their lobbying nets well, do not in any way encourage a renewal of the politicians, who in other countries are capable of disappearing from the scene even over a love affair, while in Argentina they continue on the scene even after it has been proved that there have been deals, corruption, and even public scandals.

The problem of the reelection of Menem in 1999 is very different at the public level. Here there is the peculiarity of the most traditional way of life of the average Argentine, who is usually not a supporter because he quickly gets tired of long-term presidents, artists that are continually on view, repeated programs, and even of faithfully going to the same place of relaxation for a long time. The great majority of the Argentine masses, as reflected in their folk songs and tangos, proclaim and enjoy nostalgia. This is why they did not do very much to retain Juan Peron, who was overthrown after being in office for nine years, but for 17 years they kept him in the forefront until they again enthroned him in the presidency.

Today the polls indicate that after having been in the government for seven years, the popularity of Menem and even Cavallo are declining. Argentina belongs to the countries and societies where the exercise of government is eroded fairly quickly. The people are not so driven to despair today, as are the ultra-Menemists, businessmen, and foreign investors, to maintain Menem in power at any cost. Nor would the people carry out a really popular action for Menem in 1999, but yes, they would doubtlessly yearn for him if for some reason or another he was not there. How they are going to yearn for him if finally Duhalde, a Radical, or someone from the Frepaso [Front for a Country in Solidarity] gains the presidential seat and sends a person as strong as Menem into a four-year ostracism. That is how it would be. Today the people are not very concerned with a continuity that, yes, does affect the interested sectors. To have knowledge of these various realities and the reasons behind the coincident positions helps to understand the current political times.

Argentina: Iranian Arms Said Offered to Ecuadoran Firm

PY2204054496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1515 GMT 21 Apr 96

[FBIS Translated Text] Buenos Aires, 21 Apr (NA) — An Argentine morning daily reported on 21 April that Argentine Military Industries may have offered to send Iranian arms to Ecuador to complete the fourth shipment of arms that has been pending since February 1995, when the border conflict between Ecuador and Peru was in full swing.

The report states the Ecuadoran firm Prodefensa on 2 April 1996 conveyed its protest to Colonel Hugo Juan

Molinari, Argentine military attache in Ecuador, over the nondelivery of materiel purchased in 1995. The shipments were suspended when the transaction became public knowledge.

The report indicates that in March [year not specified] Military Industries offered to fulfill its pending commitments by delivering Iranian and Russian materiel. Molinari allegedly sent a status report to the Ministry of Foreign Relations and to the Ministry of Defense.

This information is currently in the hands of Federal Judge Jorge Urso, who is investigating the affair. Official circles were reportedly "surprised" by this piece of news because, if confirmed, it would mean that the government has been buying Iranian materiel.

The Ecuadoran company's protest note also made it clear that this is not the first time they have been offered Iranian arms. It was explained that in July 1995 two of the companies involved in the "affair" of arms sales to Ecuador apparently told Prodefensa executives that 9 million rounds of ammunition were purchased in Iran.

According to the report, the middlemen indicated that a ship called Homrestrand left the port of Van Banar-Abbas [names as published] in Iran and promised that it would dock in Guayaquil "sometime between 10 and 15 September."

Should this report be confirmed, it would further complicate the situation at the Ministry of Defense because it would involve not only a violation of Argentina's neutrality in the Peru-Ecuador conflict, but also commercial ties with Iran, which is being criticized for supporting international terrorism.

Argentina: Camilion, Paulik Arms Deal To Be Investigated

PY2204070796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1046 GMT 20 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 20 Apr (NA) — The Second Chamber of the Federal Court has confirmed the indictment of Luis Sarlenga, former director of Military Industries, for his involvement in the sale of arms to Ecuador, and ordered Judge Jorge Urso, who is handling the case, to further investigate Defense Minister Oscar Camilion and Air Force Commander Juan Paulik to establish whether they were aware of the deal.

The court also dismissed the charges against Enrique De la Torre, Nestor Stancarelli, and Mauricio Mussi, who in 1995 represented the Foreign Affairs, Defense, and Economy Ministries at the Tripartite Military Exports Monitoring Commission.

Justices Martin Irurzun, Eduardo Luraschi, and Horacio Cattani of the Federal Court Second Chamber instructed Judge Urso to investigate at the highest levels of the administration, particularly the chief of the Air Force and Minister Camilion.

The justices ruled that there is evidence that Brigadier Paulik "was aware" of the fact that two flights departed for Guayaquil, one on 17 February 1995 and the other the next day, when the military conflict between Peru and Ecuador was in full swing.

Sarlenga, who so far is the only official indicted for the sale of arms to Ecuador, is accused of "neglecting his duties as a public official." [passage omitted]

Argentina: Camilion Denies Arms Deal Resignation Rumors

PY2204085296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0123 GMT 21 Apr 96

[FBIS Translated Text] Buenos Aires, 20 Apr (NA)—Argentine President Carlos Menem has decided to take the bull by the horns and put Defense Minister Oscar Camilion in charge of the investigation into the affair involving the sale of arms to Ecuador. The president made this decision a few hours after the Federal Court ordered an investigation into the highest levels of the administration.

Rumors galore were circulating in political circles today about the possible resignation of Minister Camilion, who is besieged by the international scandal arising from the shipment of Argentine weapons to Ecuador while Ecuador was at war with Peru over a border conflict.

The Second Chamber of the Federal Court on 19 April instructed Judge Jorge Urso, who is in charge of the case, to investigate at the highest levels of the administration, particularly Camilion and Air Force Commander Brigadier Juan Paulik.

Faced with the resurgence of the issue, Menem did not hesitate to put Camilion in charge of "providing the political impulse" for the investigation into the involvement of the Defense Ministry.

The decision was made at a mini-cabinet meeting at the Olivos Residence. Cabinet Chief Jorge Rodriguez, Interior Minister Carlos Corach, and Justice Minister Rodolfo Barra attended the meeting presided over by President Menem.

Camilion held a news conference after the meeting was over and explained that "the administration did not have a chance to see the ruling of the Federal Court, which was released very late in the day."

The minister said that he is "ready" to answer "any questions" that Judge Jorge Urso, who is handling the arms deal case, "may deem appropriate to ask" in compliance with the Federal Court ruling, which instructed the judge to investigate at the highest levels of the administration.

"The court's ruling means that the Defense Ministry must supply additional information. Reporting to Judge Urso is not incompatible with my post as minister, and I am still the minister of defense," Camilion said.

The minister thus refuted rumors about his possible resignation by explaining that "reporting to the court on this issue is not incompatible with my duties as minister, so I will head the investigation myself."

When asked specifically whether he believed that he would end up facing an impeachment, Camilion quoted a "Hindu political philosopher" by saying that "forecasts are risky, particularly when they deal with the future." [quote as published]

The Federal Court stated on 19 April that both Camilion and Brigadier Paulik were aware of the planes that left for Ecuador, particularly in January 1995, right in the middle of the war between Ecuador and Peru.

Camilion said: "President Menem issued very clear instructions that all ongoing investigations be continued and broadened as much as possible."

The minister explained that these investigations will be conducted "independent of any court action, because there are civilian and military administrative inquiries under way at the Defense Ministry and the National Attorney General's office." He added that "the president wants these inquiries expedited as much as possible."

Camilion also confirmed that he has asked the "Armed Forces auditor general to participate in these inquiries in view of the possibility of new developments stemming from additional documents that the administration submitted to the court over the past week."

At this point Interior Minister Corach whispered into Camilion's ear that "on 22 April the Armed Forces auditor general will be instructed to appear in court and at the office of the national attorney general."

Camilion said: "This process must be carried out as soon as possible. Meanwhile I am ready to answer any questions the court may want to ask." He stated: "The decision to take additional steps in this affair was prompted by the possibility of new developments."

Camilion concluded by promising that "the involvement of military men on active duty will be investigated," and reaffirmed that the role played by the companies contracted to transport the arms will also be analyzed, because "these companies are not as orthodox as one would like, and are not as reliable as corporations."

Bolivia

Bolivia: Military Not 'Discontent' Over Oil Privatization

PY1904145596 Cochabamba LOS TIEMPOS in Spanish 7 Apr 96 p A9

[FBIS Translated Text] Defense Minister Jorge Otasevic Toledo has said there is no discontent within the ranks of the Armed Forces over the privatization of the Bolivian Government Oil Deposits [YPFB]. Almost all commanders, officers, NCO's, and soldiers are aware of the imperative need to modernize the country.

Minister Otasevic said the Armed Forces are conscious of the role the current administration is playing, and fully guarantee the enforcement of the Constitution and the current state of law.

He added: "Despite the intolerance of some radical groups, the administration will continue to explain the scope of the Energy Triangle [Triangulo Energetico] as the only alternative to overcome our existing critical situation and state of poverty."

The minister said that in all military garrisons, the training and upgrading of troops are being normally conducted as part of our development process.

Regarding the document issued by a so-called Armed Forces Clandestine Committee, the minister said it cannot be considered a sign of discontent, in view of its doubtful nature and origin.

He asserted: "It is an anonymous document, therefore it has no value whatsoever. The military often hear about the positive aspects and advantages of the privatization process for YPFB."

Minister Otasevic said the military fully understand the meaning of the privatization process. He added that those who believe the opposite or talk about alleged discontent in the Armed Forces are misinformed, and this is something that will not be allowed.

The minister, who is "resting" in our town, said that these very special days should be used to meditate on our country's situation and to try to understand it. He said: "More than ever, Bolivia needs new investments to modernize our administrative structures and to eradicate poverty."

Commenting on the participation of the military forces in the antinarcotics struggle and the eradication of coca plantations in the tropical area of the country, Minister

Otasevic said the military unit in Chapare has no orders to conduct interdiction operations or to destroy coca plantations.

He pointed out that the military unit's mission is to train the troops in tasks linked to the areas of agriculture and livestock.

Bolivia: Peru's Tudela Views Decertification, Ties

PY1904164596 Cochabamba LOS TIEMPOS in Spanish 15 Apr 96 p A6

[FBIS Translated Excerpt] Agreeing with the position adopted by Colombia and Mexico, Peruvian Foreign Minister Francisco Tudela Von Brugel has declared that the U.S. "certification" of Latin American countries, which assesses their drug enforcement efforts, cannot affect economic relations between Latin America and Europe or with international organization. [passage omitted on previously filed material]

Tudela made it clear that U.S. certification is a reality that must be acknowledged as such. This does not mean countries consider it a valid international law for the community of nations. [passage omitted]

The Peruvian foreign minister asserted that relations between Peru and Bolivia have reached unprecedented levels of cooperation in all areas.

Tudela claimed that 87 percent of all goods traded between Peru and Bolivia pay zero tariff, adding that this enhances practical integration through common foreign trade policies.

As for political relations, the foreign minister believes there is ongoing bilateral cooperation, which goes beyond the subject of terrorism. Tudela said: "We see new realities, like the building of transoceanic corridors. Bolivian and Peruvian desires to open the central region of South America to Pacific Rim trade is of utmost importance from a political standpoint."

Tudela added that joint Bolivian and Peruvian action, and their physical integration by means of the transoceanic corridor, occupy an important place in trade negotiations, something which did not occur in the past.

The Peruvian minister noted: "The existence of these factors convert Bolivia and Peru into economic spaces of great interest for international cooperation." He added that Bolivia's free trade zone on the Pacific coast of Peru constitutes an unprecedented event, and establishes a level of bilateral integration that exceeds any political declaration.

Commenting on talks between Bolivian and Chilean representatives on an outlet to the sea, Tudela said Peru deems all multilateral or bilateral actions that lead to the reestablishment of normal relations between two Latin American states are most positive.

He said: "We (Peru) believe any bilateral meetings between Chile and Bolivia within the framework of this summit (of the Rio Group) will help to soothe their relations."

Changing the subject, Tudela said Peru has not received official information about Bolivia's candidacy for a seat on the UN Security Council. "It is still too early to voice an opinion. We sympathize with Bolivia's candidacy," he noted.

Tudela then assessed bilateral cooperation to confront terrorism, saying that relations are optimum due to the ongoing bilateral communications concerning this aspect.

The minister said: "It goes without saying that a country like Peru, which suffered the ordeal, cannot remain indifferent to the plight of sister nations which suffer these antisocial movements."

Tudela underscored the importance of restructuring the Andean Pact to confer to the newly established Andean Community a more political and representative leadership.

The Peruvian foreign minister argued: "Peru thoroughly commits itself to the political strengthening of the Andean Community, which seeks above all to convert member countries — as a bloc — into valid and reliable interlocutors with other blocs, as are being launched inside and outside the hemisphere." [passage omitted]

Bolivia: New Social Communications Minister Installed

PY2004005996 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 19 Apr 96

[Live relay]

[FBIS Translated Text] At this moment, the president of the republic, Gonzalo Sanchez de Lozada, is installing Guillermo Richter as the new social communications minister. Richter is replacing journalist Irving Alcaraz, who yesterday tendered his irrevocable resignation from the post, allegedly as a result of unending criticism regarding his work as social communications minister.

Brazil

Brazil: Clash With Police Leaves 19 Peasants Dead

PY1804140796 Sao Paulo AGENCIA ESTADO in Portuguese 1303 GMT 18 Apr 96

[FBIS Translated Text] Brasilia, 18 Apr (AE) — Agriculture Minister Jose Eduardo Andrade Vieira this morning called Raul do Valle, INCRA [National Land Reform and Settlement Institute] president, to convey concern about reports of a massacre in Eldorado dos Carajas, Para State, where 19 landless peasants were killed and 30 injured in a clash with police on 17 April.

Through his press office, Andrade Vieira said that in light of the incident the case now falls within the jurisdiction of the Para State Security Secretariat. The report says the INCRA president informed Andrade Vieira that as families are now settled in the region, other landless families are converging on the area. The landless peasants were removed by police from Eldorado dos Carajas, in the southern region of Para State, after they had blocked a road.

Brazil: Farms Occupied by Landless People's Movement

PY1904031796 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 18 Apr 96

[FBIS Translated Excerpt] The offensive unleashed by the Landless People's Movement [MST] has precipitated the occupation of other farms in Mato Grosso and Parana states.

Rio Bonito do Iguacu, 360 km from Curitiba, Parana State, looks like a small town made up of plastic canvas tents. Some 3,000 families have been occupying a farm for almost 40 hours. In the opinion of the MST leaders, this is the largest encampment created in the country in the last 15 years. Men, women, and children have come from various regions of the state and set up their tents along a highway. Food is sent to the families by labor unions and parishes from the region. The landless workers have already sent a document to the National Land Reform and Settlement Institute [INCRA] requesting the immediate expropriation of land in order to settle 3,000 families. The recently occupied farm has 3,000 hectares, where large amounts of corn and soybeans are planted, although the main activity is lumber. The owners assert that the farm is productive and that its activities are recognized by the INCRA.

Rural workers have also occupied a farm in Diamantino, 300 km from Cuiaba, Mato Grosso State. They managed, however, to reach an agreement with the owner of the area. The workers occupied Caite Farm, which has 10,000 hectares. Some 250 families coming from four different towns of the region, including Cuiaba, began to arrive in trucks and entered the woods in order to set up their tents. Most of them are unemployed people who have never had any contact with rural work. [passage omitted]

The owner of the farm has allowed the landless people to temporarily occupy a certain area of the farm and agreed to sell part of the land to INCRA, as long as the expropriated land does not include the native forest located on the property.

The land occupation operations conducted in the last few hours do not represent isolated incidents. The escalation of occupations had been announced by the MST leader (Rainha) in August 1995. [passage omitted]

Brazil: Cardoso Remarks on Killing of Landless Workers

PY1904015996 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 18 Apr 96

[Recorded passages within quotation marks]

[FBIS Translated Text] President Fernando Henrique Cardoso today said he deplores the massacre of landless workers in Para.

"...that occurred in Para is unacceptable. It caused constraint to the country, and to the president. It is unjustifiable. I believe that here in Brazil we can no longer hide such serious actions. We cannot give not even the slightest impression that such violence is tolerated. There was a massacre. It is unacceptable, whatever the reason."

The president said that the attitude of policemen cannot be justified.

"Nothing can justify that policemen should shoot at people who are expressing their opinion. There can be disagreements with the way in which the opinions are being expressed, but this does not justify the police action."

The president said that those responsible for the massacre will be punished.

"I am convinced that this time those who are responsible will be actually brought to court. The government has already submitted a draft bill to Congress, it is now in the Senate, to bring military policemen — in case they are not military personnel — before civil courts. The government is sponsoring this bill.

"The governor of Para has ordered civil and military investigations, and he dismissed the colonel who was responsible for the region."

Cardoso said he sent federal government representatives to Para.

"I asked Justice Minister Nelson Jobim to go to Para. He went there. He is there now. This morning — I am not sure what time — he was in Maraba, where he left the human rights secretary of the Justice Ministry and a Brazilian Bar Association representative who will make an in-situ investigation. Minister Jobim is now in Belem with Para Governor Almir Gabriel, with whom I also spoke. I also asked General Alberto Cardoso to go to the place where these unfortunate events have tragically and forever marked the incompetence of the forces of order. I asked Gen. Cardoso to go there, so that he could also obtain first-hand knowledge of the situation, and also to directly transmit the president's word to the people there."

The president emphasized that it is necessary to put an end to violence in Brazil.

"I will take advantage of this opportunity to add that Brazil should deeply meditate on the issue of violence, urban violence, violence in the field, police violence. It is high time for us to put an end to all that."

Cardoso recalled that the federal government is complying with the timetable for settlement of landless settlers' families.

"I understand the reasons of social movements, and I express my solidarity with them. In the specific case of land reform, my opinion is clear and transparent. I must say that all INCRA [National Land Reform and Settlement Institute] commitments are being fulfilled. In the specific case of that region, no demand has been left unmet within the negotiated phases. Consequently, at this time there is nothing to explain or justify in connection with the federal government action."

The president called upon the leaders and representatives of social movements to promote a more open and democratic dialogue.

"Yet I believe this is a time for us to stop and reflect. I believe this reflection should also reach those who are directly responsible for those movements. They should reflect on the need for a more constructive method, which can define objectives, allowing the government to attain those objectives. I also believe that I should not demand this only from those who are responsible for social movements. I also demand it from the government. I believe attitudes on this matter must be reciprocal. I reiterate the government's predisposition — in front of you, as witnesses — to always talk about social matters in a democratic, open way.

"Violence leads nowhere but to tragedy. Inaction produces violence. Inaction and violence produce a dramatic picture of the country, which we can no longer tolerate."

Cardoso said he felt indignation over the incident in Para.

"I therefore wanted to express to the entire nation, especially to the relatives of those who died, my consternation — and, more than that, my indignation — over what has happened. I know that military policemen have also been wounded, but this is no excuse for such violence. I do not want to hide the seriousness of this action from the local public, from you, or from the international public. The government rejects this type of action. The government wants to make a direct appeal to the country to join efforts to promote nonviolence."

Brazil: Cardoso Says Massacre in Para 'Intolerable'

PY1804191396 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 18 Apr 96

[FBIS Translated Excerpt] This was a tragedy foretold. Since last year members of the Landless People's Movement [MST] have occupied areas of Macacheira farm, in southern Para State. On earlier occasions, the police came and the peasants would leave. An agreement was then reached to allow MST members to occupy some plots of land in the region. Yet, the problem remained unresolved.

Yesterday, tension turned to violence: 19 people died and 40 were injured. The clash occurred 650 km from Belem, capital of Para State. Eldorado do Carajas is in southern Para, a region plagued with land disputes close to the Serra Pelada gold prospecting area. The landless peasants had blocked the PA-150 highway that links Curionopolis and Maraba.

Reporter Emanuel Vilaca has more on the incident:

[Begin Vilaca recording] The massacre provoked yesterday by the Military Police left a toll of 19 people dead and more than 40 injured, including many children. Police used warfare tactics to unblock the PA-150 highway, in the Eldorado district, which had been cut off for the past two days by MST peasants. Some 200 military policemen took part in the action under the command of Colonel (Mario Montoja).

The police began by using noise bombs and by firing machineguns into the air. The MST demonstrators responded with stones and sticks. Then, Col. (Montoja) ordered his men to fire on the demonstrators. Not even those who ran into the bushes escaped death. The bodies were sent to the morgue of Curionopolis, 30 km from the site. It will be very difficult to identify them because many have been dismembered.

Para State Governor Almir Gabriel has dismissed Col. (Montoja), who will have to undergo a military-police inquiry. [end recording]

Para State government officials have acknowledged the military police used excessive force. [passage omitted]

The massacre in Para State mobilized ministers and politicians in Brasilia. Justice Minister Nelson Jobim and Humberto Spindola, chairman of the Justice Ministry Human Rights Commission, have just left for Para.

A delegation of state prosecutors will also leave today for Eldorado do Carajas. Senate President Jose Sarney has designated a delegation of lawmakers to go to Para. Another group of senators and deputies will remain in Brasilia to discuss the land dispute issue with President Fernando Henrique Cardoso. [passage omitted]

President Cardoso today described as intolerable the conflict that erupted in Eldorado do Carajas. A few moments ago, the president — who is visiting Corumba, Goias State — said he deeply regrets the incident and noted that this type of conflict is in keeping with an obsolete Brazil, not with a modern Brazil. He said he will wait for Justice Minister Jobim's report before deciding what action should be taken.

Cardoso went to Corumba to attend a ceremony sponsored by the Community in Solidarity Program. He ran into a demonstration staged by students who threw stones at the presidential entourage. No one was hurt. [passage omitted]

Brazil: Civilian, Religious Figures on Para Killings

PY1904025996 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 18 Apr 96

[FBIS Translated Text] President Fernando Henrique Cardoso has reacted indignantly against the massacre of landless people in Para State. The conflict has raised criticism countrywide.

People from all national organizations — church, lawyers' associations, and other entities — have reacted with indignation.

In Sao Paulo, the command of the Landless People's Movement [MST] said that, in September, they warned President Fernando Henrique Cardoso about the risks of a confrontation with the military police who had been summoned by the state governors.

[Begin MST Leader Joao Pedro Stedile recording] The federal administration is also responsible because it is not implementing the agrarian reform and is not solving the problems of the encampments. [end recording]

The National Land Reform and Settlement Institute [INCRA] does not accept any blame. Its president said that the institution is planning to settle 1,780 families in the area before May.

[Begin INCRA President Raul do Valle recording] The INCRA might be responsible if it weren't doing anything about the problem. We have a very concrete plan that contemplates the settlement of all the families that are involved in this conflict. [end recording]

The justice minister and the head of the military staff were sent to Para State to find out what has really occurred.

Congress was not surprised at the incident. Several speeches and charges had already forecast such a tragedy in Para State. An official congressional committee has already left for Maraba, Para State.

[Begin Senate President Jose Sarney recording] We must find solutions to prevent movements of this kind from being faced with war-like operations. [end recording]

Late in the afternoon, Senator Sarney went to Planalto Palace to ask President Cardoso to receive some congressmen who are indignant about the massacre.

The federal administration also rejects this sort of action, President Cardoso said. He came down from his office on the third floor to speak to the journalists personally. [passage on previously covered material omitted]

Brazil: 'Execution' of Some Peasants in Para Suspected

PY1904233696 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 19 Apr 96

[FBIS Translated Excerpt] [Passage omitted] It seemed just like one more landless peasant demonstration, like many others that took place in the region as of last year. The peasants were promised land near Macaxeira farm, but thus far not one family had been settled. Last week, for the first time, the landless peasants closed the road between Curionopolis and Paraopeba to demand compliance with the promise of granting land. However, it was different this time. The inflammatory speeches of the landless peasants were answered by the police with noise bombs and shots in the air. Suddenly, the savagery began.

While the first bodies were being picked up, the first testimony raised doubts regarding the police operation. Para Governor Almir Gabriel said that the order was to lift the road block, but not to shoot. However, the police did shoot. Some police arrived in the area without wearing their identifying name label on their uniforms. It could be thought that for some reason they feared being identified. It was excessive violence. [passage omitted]

The distrust increased when the legal medical doctor asserted that many bodies had been shot in the head, forehead, and nape of the neck, which requires an excellent aim or an immobilized victim.

Amid the ruins of the landless peasant camp, the reports increase the suspicion of an execution. Many people were driven into the woodland. The peasants think the number of deaths could be even greater. Confrontation or execution, at least one testimony is categorical:

[Begin recording] [Unidentified reporter] What did the military police do when the peasants fell on the ground after being shot?

[Unidentified peasant] They dragged them and piled them up. We saw how they aimed their guns at those who were still alive, aiming at them on the ground and shooting them in the head. [end recording]

Meanwhile, members of the congressional delegation following up on the investigations have no doubts. An execution took place. The special delegation of deputies and senators that arrived yesterday here in Para to investigate the landless peasant massacre already visited the Legal Medical Institute of Maraba, where the bodies were taken.

For Deputy Ana Julia, of the Workers Party, Para, member of the delegation, there is no doubt that an execution took place, because many landless peasants died as a result of being shot in the head. Governor Almir Gabriel today said that the chief of the operation, Colonel Mario Pantoja, did not obey the order to lift the road block in the presence of judges, prosecutors, and journalists. The governor placed in doubt the intention of Col. Pantoja because the police under his command were not wearing the obligatory name labels on their uniforms. [passage omitted]

An Army brigade is combing the area where the conflict took place looking for survivors and more victims as result of reports that peasants were executed and their bodies left in the woodlands.

Brazil: Peasants Claim Largest Occupation in Parana State

PY1904133796 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Apr 96

[FBIS Translated Text] Some 12,000 peasants have illegally occupied an 83,000 hectare farm in Rio Bonito do Iguacu Municipality, in center west Parana State. The farm belongs to the Giacomet Marodin lumber company of Rio Grande do Sul State. The Landless Peasant Movement coordinating board has said this is the largest occupation ever in Brazil. Military police and the company contest the figures claimed by the Landless Peasant Movement, saying that 1,600 families, some 7,000 people, are occupying a portion called Pinhal Ralo.

Brazil: Cardoso Agrees To Delay of Reelection Bill

PY1904032196 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Apr 96 p A9

[Report by Cesar Felicio and REnata Verissimo in Brasilia]

[FBIS Translated Text] President Fernando Henrique Cardoso yesterday publicly backtracked in his bid to push through Congress a constitutional amendment that would pave the way for his reelection. Presidential spokesman Sergio Amaral yesterday said: "The president is still at an early stage of his administration. Because his administration has not even reached the midterm stage, the president believes that it is still premature to have discussions on the presidential succession — either concerning his reelection, names for his succession, or just the succession itself."

Late last week in Buenos Aires, the president asked the Brazilian Congress to start debating the reelection bill this year so that incumbent mayors may also seek reelection. Cardoso's proposal did not elicit support from members of Congress, except from members of his own party, the PSDB [Brazilian Social Democracy Party] leaders, who defended his proposal.

The administration has surrendered and has concurred with Congress voting on the reelection bill in 1997. Deputy Michel Temer, leader of the PMDB [Brazilian Democratic Movement Party] bloc in the Chamber of Deputies, yesterday signaled that the bill would not be voted on this year. He once again postponed the appointment of PMDB members who would serve on the special committee charged with examining the reelection bill.

Temer said: "I will do that tomorrow. I do not want anyone to claim that the PMDB is jeopardizing the discussions." Despite his remarks, it should be noted that the PSDB and PFL [Liberal Front Party] bloc leaders had already officially designated their fellow party members who should serve on the committee. The PFL leader appointed Deputy Jose Mucio Monteiro (PFL-PE) [Pernambuco] as the committee rapporteur.

The PMDB is entitled to the largest number of seats on the reelection committee. It has been unofficially noted that PMDB Deputy Cassio Cunha Lima (PB) [Paraiba] would serve as chairman of the committee. Temer believes that the administration has already agreed to debating the issue in 1997 and, thus, he has indefinitely postponed the installation of the committee.

Temer said: "Our priority is to guarantee the inclusion of the social security reform bill in the voting agenda within the next few weeks, provided that the Federal

Supreme Court [STF] reverses a restraining order suspending a congressional vote on the issue. We then seek to vote on the admistrative reforms. These two amendments should have been approved by the start of the second half of the year."

PFL bloc leader Inocencio Oliveira has adopted a similar position. He said: "Reelection is the right thing, but it should be discussed at the right time. Conditions are not ripe at this time to discuss it." He concurs that the administration's priorites at the Chamber of Deputies are, in order of importance, to approve the social security reform bill, to find a formula to prevent the opposition from blocking approval of the administrative reform bill through the submission of separate voting proposals, to cancel the July recess, and to guarantee a quorum in Congress during the second half of 1996, when nearly 120 lawmakers will be running for mayoral offices.

With the reelection amendment postponed until 1997, the big question remaining is what position the PPB [Brazilian Progressive Party] would take now that PPB leader Paulo Maluf will no longer be able to seek reelection [as mayor of Sao Paulo]. Maluf, who is a presidential hopeful, has managed to block every initiative within this party in favor of discussing the reelection bill this year because he believes it will no longer benefit him.

Although it would be technically possible to amend the constitutional provision and to completely eliminate an article providing that electoral rules cannot be changed with less than one year remaining before the election date, the possibility of pushing this amendment is not being seriously considered by a large majority of leaders. Senator Antonio Carlos Magalhaes (PFL-BA) [Bahia], an advocate of reelection at all levels, said a few days ago: "That is not a subject for a constitutional amendment, but for an institutional act. There are acquired rights that cannot be affected."

Brazil: Use of Tariffs for Structural Problems Abandoned

PY2004034296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 96 p B13

[Article by Vladimir Goitia]

[FBIS Translated Text] The federal administration decided not to use tariff restrictions in order to solve structural problems of Brazilian industry. According to the Economic Control Secretariat, the decision to increase import quotas has become ineffective and is causing "embarrassment" in the area of international trade.

A government source has cited as an example of this ineffectiveness and embarrassment the textile area, which has been calling for import quotas above those defined in the Common Market of the South [Mercosur] Common External Tariff (CET) in order to be able to compete abroad. According to this source, the government will see that its rights are respected as well as the rules established by the WTO, including the one on the use of safeguards and, in some cases, of import quotas.

The increase in the beginning of 1995 in the quotas for car and home appliance imports was a clear example of the administration's hastiness in trying to reduce imports and avoid trade balance problems. A few months later, the WTO practically forced Brazil to go back on its decision and, as a result, the administration had to revoke the measure.

The possibility of imposing quotas, however, became restricted after the establishment, in January 1995, of the WTO. Until then, for example, the multifibers accord allowed the adoption of quotas. The new multifibers accord signed during the Uruguay Round of the GATT, however, defined the gradual elimination of quotas until the year 2005, in addition to restricting its use to countries that have reserved this right to themselves.

The Dallari List Will Be Drastically Reduced

As to the Dallari List, the Economic Control Secretariat has reported that there will be a drastic reduction in the number of its items. Of the 63 products that currently comprise the list, 39 will be included in the CET beginning 28 April, when the Dallari List's period in force ends. Among the excluded products are those of the textile area, which currently have quotas quite above the CET ones, which range from 0 to 20 percent.

The remaining products on the list (24 products of the basic basket, with tariffs below those defined in the CET) will be negotiated with the Mercosur partners (Argentina, Paraguay, and Uruguay) in Buenos Aires. "We will propose to our partners a reduced list, having clear criteria and objectives, that may allow us to control possible supply problems," the governmental source said.

Regarding the claims of the textile area, the same source said that the problem originates in the Asian countries that have been exporting textile products at low prices. "In these cases, we will try to identify whether there are dumping [preceding word in English] practices."

The source said that the administration still has not decided whether safeguard measures or import quotas will be used to solve the textile area problem.

Brazil: Rio de Janeiro Enterprises To Be Privatized

PY2204035596 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Apr 96 p B1

[Report by Marco Antonio Monteiro]

[FBIS Translated Text] Over the next three years, the Rio de Janeiro government plans to transfer to the private sector the entire infrastructure of the state, including power distribution, water supply, sewage system, gas, collective transportation, and state highways. Over this period, this change will mean 5 billion reals [R] for the state Treasury.

Marco Aurelio Alencar, Rio de Janeiro planning secretary, who is responsible for implementation of the State Privatization Program (PED) — which affects more than 20 enterprises and is considered one of the pillars of the state development plan — is convinced that the program will succeed.

He said: "It is not an eyedropper-style privatization in which each case is submitted to the legislative assembly. The PED is not a reform but a true revolution of the Rio de Janeiro state. Investment bottlenecks in the state will be overcome in three years, making Rio de Janeiro more attractive to private capital at a time when, in addition to its natural advantages like plenty of gas and petroleum, the state will have a substantial supply of logistic support and services instead of fiscal incentives."

According to Planning Secretariat estimates, the R5 billion income will result from the addition of several amounts, including the total revenues for the sale of state-run companies, the reduction of subsidies, cost and investment, and tax revenues, with the expected increase in taxes paid by privatized enterprises. "This income was estimated by calculating what we will stop spending and what the state Treasury will receive. Some of this funding is already being advanced through the BNDES [National Bank for Social and Economic Development], which provided a R244 million advance on the future sale of the Rio de Janeiro Power Company (CERJ). Another R200 million should be received as an advance on the sale of the State Gas Company (CEG)," he added.

In the opinion of the secretary, the timetable for privatization of Rio de Janeiro enterprises is being properly implemented, without shocks. CERJ will be auctioned in 120 days, and CEG will be sold at the end of the year. The winning bidder for the CERJ sale will be known in 15 days. As for CEG, bidders are still presenting their offers. Banerj [Rio de Janeiro State Bank], which is being temporarily managed by Bozano Simonsen bank, will be auctioned at the beginning of 1997.

Simultaneously, the program will also affect smaller enterprises and enterprises calling for special procedures, like a public concession. This is the case of the subway, Flumitrens (which operates urban trains), and the Water Supply and Sewage System Company (Cedae). Marco Aurelio said that foreign consultants were hired, with World Bank support, to design the model for the privatization of the transportation sector.

To accelerate the process, consideration has been given to the possibility of subcontracting operators to run Flumitrens, like Banerj, with the possibility of signing a public concession contract in the future. In turn, the subway might be managed and operated as a concession. Cedae is in the same category, although in a more advanced phase, with consultants already designing the model for the sector. Marco Aurelio Alencar said that the document for contracting enterprises to make the financial analysis and the model for selling Cedae might be published in 45 days.

A document on the implementation of a toll system on the Red Highway, to be exploited by the state under private sector management, will be published on 22 April. The document on the privatization of Maracana stadium, also under a concession regime, will be published by mid-May.

Alencar remarked that those funds will be reallocated, especially for health, public security, and education programs. A R120 million investment has been made in the security area, which "had serious problems."

"The health sector became our frustration because the government, since the beginning of its term, gave full attention to the security sector," Alencar said. "Yet the problems are being tackled and the funds — R40 million — allocated to hospital reforms will soon yield their results. Education, however, remains the main challenge. We will concentrate our efforts there, with the support of the Secretariats of Technology, Planning, and Finance and of the Civil Cabinet," Alencar concluded.

Brazil: Doubts Raised on Military Drug Enforcement Action

PY1904023796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 96 p A3

[Editorial from the "Notes and Information" page: "The Armed Forces and Drug Trafficking"]

[FBIS Translated Text] The meeting at which the new generals are introduced to the president is always a good chance for the commander in chief to analyze the situation and to issue guidelines for the Armed Forces. The reception [illegible] 16 April was no exception. President Fernando Henrique Cardoso greeted the new generals with a speech that was formaly divided in two parts and that had sound unity of doctrine. It is a variation of the statement that Foreign Minister Luiz Felipe Lampreia made at the Foreign Affairs Committee of the Chamber of Deputies last week. Using other words, the president told the new generals that Brazil must be built by Brazilians, and that its image reflects the work that is being done. But he said more than that: Brazil will preserve its own interest but will not remain outside the flow and trends of modernity. From a doctrinal viewpoint, this was an appropriate approach to reality. It remains to be seen whether some details of the new guidelines — when subjected to an in-depth analysis — will actually serve the national interest.

For the president, current times have produced, in addition to the typical concerns of the Armed Forces, "challenges to the sovereignty and threats to the social structure of the country *which, although not demanding police action*, call for efforts beyond the traditional approach to national security and defense." The president was referring to international organized crime, dealing especially with drug trafficking and arms smuggling. He entrusted the Armed Forces with the mission to provide logistical support to the police organs in charge of fighting those crimes, "*and to operate with the necessary firepower [poder de combate] whenever justified by the identified targets*. The italicized type is necessary in order to draw the readers' attention to the apparent contradiction between the diagnosis and the prescription. If the challenges to the sovereignty and the threats to the social structure do not call for police action by the Armed Forces, why should they take action with the necessary firepower whenever justified by the target? What is the target that will justify this specific function, which will place the Armed Forces outside the scope of their missions linked to national defense, giving them a police duty, with which they are not familiar and for which they have not been trained?

Some people say that the National Drug Enforcement Program that the Justice Ministry will release on 19 April provides for the downing by Air Force fighters of planes on illegal flights. In fact, Congress is debating a bill authorizing the interception and downing of planes, following criteria that are different from those that are currently followed. The current criteria are based on the decrees that created the air defense command and that later modified its structure. The current rules, which are extremely rigid, authorize a violent action against an intercepted plane only under a direct order from the president. This rule is justified: The downing of a plane, whatever the activity in which it is engaged, entails the death of its passengers.

The Armed Forces, in their own way and within the realm of their possibilities, have rendered logistical support to the police antidrug action. Such support can be more efficient an valuable if provided in a systematic manner, under the coordination of a joint operations staff. It does not seem wise to send the Armed Forces "with the necessary firepower" against common criminals. Some neighboring countries do that. In all of them, drug trafficking and political insurrection either got mixed or combined in situations that called for Armed Forces action. The United States, which encouraged the countries south of the Andean range to use their military forces to fight drug trafficking, does not do what it preaches. In the United States, the military render logistical support, but the raids and arrests are made by police auhtorities, because the *Posse Comitatus* law, which forbids the military to arrest civilians, is respected. Promiscuity with the criminal environment is not good for the military. For society, it is not good that the military should take care of police matters, because this can always lead to less benign forms of social control.

As the president said in the second part of his speech, he believes that the military reflect the country, because of their discipline, patriotism, faith in the future, and generosity. He also said that the reconstruction of the state he is undertaking seeks to give the government the capacity to meet the demands of society. He added that isolated, independent development is no longer possible, and that the productive system needs a qualitative change. The Armed Forces, as a state organ, and the military, which is a part of the nation, cannot remain outside those transformations. They will have new missions and will receive different training. The transformations in the world and in Brazil, however, are not so radical to change the nature of such missions.

Brazil: Modification Reported in Approved Patent Bill

PY2004020196 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 96 Section 1 p 5

[Report by Raquel Ulhoa and Fernando Rodrigues]

[FBIS Translated Text] During the voting on the final version of the industrial property bill — the "patent bill" — at the Chamber of Deputies on 16 April, the government's carelessness permitted deputies to approve a modification of an essential topic of the bill restricting the patenting of microorganisms.

The maneuver, made by PMDB deputy Valdir Colatto (PMDB-SC) [Brazilian Democratic Movement Party-Santa Catarina], passed unnoticed by Chamber of Deputies President Luiz Eduardo Magalhaes (PFL-BA)

[Liberal Front Party-Bahia]. It was discovered only on 17 April thanks to a request for procedural verification filed by Deputy Gerson Peres (PPB-PA) [Brazilian People's Party-Para].

Caught by surprise, Magalhaes did not, until last night, know how to resolve the situation. He temporarily suspended the sending of the bill for approval to the president.

Only the text of a bill — not its essential topics — may be modified during the voting on the final version of the bill. The Board secretariat reported that there is no similar precedent. In principle, the secretariat believes it is impossible to reverse the modification.

Article 18 said that patents shall not be granted on "all or part of living beings, except for microorganisms complying with three conditions — being new, being an invention, and having industrial application.... provided they are not a mere discovery."

Colatto proposed an amendment including the word "transgenic" before the word "microorganism." According to the definition of the bill itself, a transgenic microorganism is one whose genetic composition has been altered through human intervention.

Brazil: Passage of Patent Law Applauded

96SM0243A Sao Paulo JORNAL DA TARDE in Portuguese 15 Apr 96

[Editorial: "Finally, the Patent Law" — received via Internet]

[FBIS Translated Text] Finally, nearly five years after the administration's original bill was sent to the National Congress—back during Fernando Collor de Mello's administration—the Chamber of Deputies approved final passage of the so-called Patent Law, meaning that like most countries on the planet, Brazil has come to recognize intellectual property in the discovery and development of pharmaceuticals, foodstuffs, and fine chemicals. The bill, which passed after undergoing changes in the Chamber and the Senate that improved it, meets all the expectations of the Brazilian Government and its international partners, and it will be signed by President Fernando Henrique Cardoso next week.

A big misunderstanding, promoted by leftists, a few nationalist groups, and Brazilian businessmen in the sectors that will be affected by the law on patents, was primarily responsible for the delay in voting on the bill, a circumstance that caused Brazil to experience some serious diplomatic and commercial friction, particularly with the United States. The groups in question said that the Patent Law would harm national interests and that it was being pushed in response to pressure from the United States and other countries whose firms, especially in the pharmaceutical industry, were claiming to be experiencing major losses due to the copies of their products that were being produced in labs established in Brazil and were demanding an energetic attitude on the part of their governments.

The fact is that the White House Trade Office began an investigation on more than one occasion to verify "acts of piracy" being practiced in Brazil against products patented by U.S. firms, and it happened more than once that Brazil was included on the list of countries guilty of "unfair" trade practices and subject to the imposition of surtaxes on their exports to the U.S. market. U.S. officials visited our country on more than one occasion to request that Brazilian administrations of the past few years adopt a drastic attitude in putting an end to piracy. But the Americans were only fulfilling their role of protecting their industries and economies, and the Brazilian Government would have done the same if the situation had been reversed.

It was Brazil's responsibility to make the best choice for Brazilians regardless of pressures from the United States and other industrialized countries. And Brazil can only gain as a result of having passed the Patent Law this week. From the standpoint of foreign trade, we will no longer be considered a "pirate country" that does not respect the intellectual property of others, and this means that we will be free of threats of commercial retaliation that might harm our exports. It is good not to forget that foreign trade is a two-way street and that anyone who is considered guilty of "unfair" trade practices is the victim of discrimination. Domestically, piracy had made it less than worthwhile for foreigners to invest in areas where those practices were common, both in production and in research. In recent years, several large multinational laboratories have left Brazil.

Passage of the Patent Law will bring great benefits for the consumer as well. Because of the piracy that was being practiced here, many laboratories were refusing to bring their most recent products to Brazil, thus depriving the majority of Brazilians, who have no access to goods abroad, of the newest discoveries of remedies and principles effective against various diseases. Lastly, Brazilian researchers have also won because they will now have protection for their inventions and discoveries. Since Brazil did not recognize patents previously, they were also in danger of being pirated. Many Brazilian researchers, including those in government institutes such as the Ministry of Agriculture's Embrapa [Brazilian Agriculture and Livestock Research Enterprise], were forced to obtain patents in other countries for formulas and processes developed here in order to protect themselves. They will also benefit from the natural increase in investments in research that the recognition of intellectual property will bring.

It is a big victory for common sense and one more defeat for the vanguard of backwardness, which insists on keeping Brazil in the scientific and technological stone age.

Brazil: Bonds Worth $80 Million Sold to Portuguese Banks

BR1804142996 Lisbon DIARIO DE NOTICIAS in Portuguese 17 Apr 96 p 7

[Report by Maria Joao Rocha: "First the Economy"]

[FBIS Translated Text] The news conference held yesterday with Bank of Brazil President Gustavo Loiola, CISF Bank President Jardim Goncalves, and Finantia Bank President Antonio Guerreiro on the purchase of the Brazilian debt in escudos is a signal that something is changing in relations between Portugal and Brazil.

The Bank of Brazil president announced the issue of bonds worth $80 million. Gustavo Loiola stressed that "the issue of government paper — for the first time in escudos — is a very important landmark. I hope that other issues will follow." The loan is being led by the CISF and Finantia banks. It is the Brazilian Government's first issue in escudos.

Brazil is now the first non-European country to take out a loan in the Caravelas market. "That means that there is a major deepening in the escudo capital market for nonresident institutions, thus setting a precedent for issues by other Brazilian institutions," according to a joint statement by the banks leading the operation. For Brazil this operation is part of the strategy to launch Brazilian treasury notes abroad.

The amount involved in the operation is minute when compared to the size of Brazil's debt, but it does mean that the Brazilian Government feels that the escudo is a sound currency and that the Portuguese financial world is trying to send a positive signal about Brazil's economy. They are also small-scale operations which, according to the officials from the BCP/CISF and Finlantia banks, are important signs for the future. The Portuguese financiers and the officials from the Bank of Brazil acknowledged that $80 million worth of debt was not much, but felt that it was "appropriate," given that this was the first time that this kind of transaction had been carried out between Portugal and Brazil.

On Monday [Planning and Territorial Administration] Minister Joao Cravinho and his Brazilian counterpart, Sergio Mota, analyzed the protocol for the creation of the "Atlantic alliance": a partnership between Europe and Brazil led by Portugal Telecom (PT) and Telebras. The "Atlantic alliance" still has to be approved by the Senate, but both President Fernando Henriques Cardoso and Minister Sergio Mota assured the Portuguese prime minister that it would be approved.

East Timor received a word of support from a group of Brazilian deputies. Antonio Guterres received the deputies in the Portuguese Embassy, where he learned of their willingness to set up an office for the Maubere resistance movement in Brazil and acknowledged the efforts made by the deputies to visit Xanana Gusmao in Timor.

In a reference to their country's business dealings with Indonesia, the Brazilian members of parliament said that "Brazil is very timid in the defense of human rights in East Timor." Nevertheless, they thought that the pro-Timor movement was "growing."

Brazil: U.S. Firm Joins Consortium for Cellular Telephony

PY2004034096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 96 p B15

[Article by Costabile Nicoletta]

[FBIS Translated Text] The Unibanco and Odebrecht groups formally comprised on 17 April a consortium with Folha da Manha group, which owns the newspaper FOLHA DE SAO PAULO, and the U.S. company, AirTouch International, to dispute the Brazilian market of cellular telephony. The goal of the consortium is to dispute concessions for the operation of the B-band of the cellular telephony service, which will be exploited by private enterprises.

The three Brazilian partners decided to join AirTouch, which is one of the largest companies dedicated exclusively to cellular telephony and paging [preceding word in English] services in the world. At the end of 1995, the enterprise had more than 600 million clients worldwide and its sales totaled $2.6 billion.

According to AirTouch President Arun Sarin, the fact that fewer than 1 percent of the Brazilian people have a cellular telephone explains why the company is interested in operating in the country. Sarin said: "The potential growth is immense." According to Israel Vainboim, president of the Unibanco Holdings, the amount of shares each member of the consortium will have will be well balanced, no partner will prevail over the other, and the consortium will have a professionalized administration.

The partners avoided making projections about investments and alleged that the bidding rules for the concessions are still unknown. Folha da Manha President

Luis Frias said that the federal administration's projections — 7 million users of cellular phones by 1998 — may be an underestimate, because the market tends to grow more. Frias did not give details on the reasons why Folha da Manha participated in the operation. According to comments made by Odebrecht representative Luiz Almeida, Folha da Manha was also contacted by other Brazilian partners.

Brazil: Communique on Israeli Attack on UN Camp Issued

PY1904123496 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Apr 96

[FBIS Translated Text] The Brazilian Government condemns the Israeli attack on the UN peace force camp, south of Lebanon, which caused the death of more than 100 people. An official communique released by Itamaraty [Brazilian Foreign Ministry] states that the government regrets the loss of human life and actions that go against efforts toward a fair and lasting peace in the region.

The Itamaraty communique appeals to the parties involved to give up the use of force and solve their dispute through peaceful means.

Brazil: Roundup of Economic Reports Through 19 Apr

PY2004022296

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 19 April:

BASIC LEADING INDICATORS

International Reserves Drop — The reduced inflow of foreign resources into Brazil, the Central Bank's, BC, intervention in the exchange market, and foreign debt payments have made the Brazilian international reserves drop by $80 million as calculated on the basis of the cash on hand concept. International reserves reached $54.331 billion in March in comparison with $54.411 billion registered by the end of February. Under the international liquidity concept, which includes credits receivable, the reserves dropped from $55.794 billion in February to $55.753 in March. The drop in financial resources was the result of the restrictions adopted at the beginning of February by the BC when a strong inflow of speculative capital was detected. Based on the concept of not accumulating more reserves, which currently correspond to 13.5 months of exports against the four months required by the Senate, the BC intervened in the exchange market, where it was forced to disburse $62 million that was previously accounted for as reserves. Another $411 million disbursement was made to pay the foreign debt to the Bank of Brazil and to the American Dart family, the largest nonfinancial creditors of Brazil. Despite the fact that the $281 million worth of Samurai bonds launched in Japan were included in the reserve calculation, the net balance was negative, although, according to BC International Affairs Director Gustavo Franco, the result is still in keeping with the government reserve policy. (Sao Paulo AGENCIA ESTADO in Portuguese 2352 GMT 18 Apr 96)

FINANCIAL OPERATIONS

Cellulose Plant Expanded — Japanese paper and cellulose industry businessmen, who are visiting Brazil to attend the opening of the second stage of the Cenibra Cellulose Plant, reported their intention to participate in the expansion of this industry, which must double its production in the next 10 years. Cenibra is a joint venture between Japanese companies and the Vale do Rio Doce company. Osmar Zogbi, president of the Brazilian National Association of Paper and Cellulose Companies, said that Brazilian paper and cellulose exports amounted to $2.5 billion last year, $235 million of which correspond to cellulose exports to Japan alone. He said that the investments foreseen for the next 10 years in Brazil are estimated to amount to $13 billion, half of which will be financed by the industrialists themselves and the remaining half by the Japanese Eximbank. (Sao Paulo AGENCIA ESTADO in Portuguese 2324 GMT 16 Apr 96)

New Mining Holding Begins Operations — The Paranapanema Group, which is a conglomerate resulting from the merger of Caraiba, Paraibuna de Metais, Eluma, and Paranapanema mining industries, today officially began the construction of the Sobragi Hydroelectric plant, which will cost $50 million over the next 26 months. The plant, which is located on the Paraibuna River, Minas Gerais, will produce 60 megawatts per year. Paranapanema Group President Dennis Braz Goncalves said that the construction of the Sobragi hydroelectric plant will allow the group to save 75 percent of energy expenses, which currently amount to $1 million per month. The remaining output will be placed at disposal of the Cemig, Minas Gerais Electric Power Plants, Inc. The Paranapanema Group merger was made possible thanks to pension funds that currently control 66 percent of the voting stock. The company's current net worth is $1.2 billion, and its annual sales are expected to reach $1 billion. Goncalves said that the group will concentrate on four main products: metallic tin, refined copper, zinc, and copper tubes and joints. Production this year should reach 20,000 tonnes, Goncalves said. He also plans to introduce a new administration model by which he will close the capital of the companies of the group and open the capital of the holding. During the dedication ceremony of the Sobragi hydroelectric plant, Minas Gerais Governor Eduardo Azeredo in turn announced an agreement regarding the 110 million reals, R, debt Paraibuna de Metais owes the state for unpaid Goods and Services Movement Tax, ICMS. The state will settle with R10 in compensation. (Sao Paulo AGENCIA ESTADO in Portuguese 2245 GMT 16 Apr 96)

French Group To Expand Business — The French Saint-Gobain Group, which already controls Santa Marina, Brasilit, Barbara Steel Works, Norton, and Carborundum companies in Brazil — intends to invest $700 million in Brazil until 2000. According to the company representative for Brazil and Argentina, Jean-Claude Breffort, most of the resources will be applied in glass factories for the car industry and beer bottles. The French group expects to grow by 5 percent by 1999. In 1995 its sales in Brazil amounted to $1.5 billion, representing 10 percent of the group's international business. Santa Marina alone sold 800 million reals worth of flat glass and bottles in 1995. Of the $200 million Saint-Gobain intends to invest in Brazil in 1996, $80 million will be for the Santa Marina glass factory. The company plans to open a new factory in Porto Ferreira, Sao Paulo, to produce disposable beer bottles. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Apr 96 p B9)

Mercedes Benz to Open Factory — Mercedes Benz must announce on 18 April in Planalto Palace that it will open its first car factory in Brazil, specifically in Juiz de Fora, Minas Gerais. It represents a $400 million investment. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Apr 96 p A1)

Army Buys Radio Equipment From Portugal — The Telecommunications Research and Development Company, EID, of Portugal, won an international bid to supply radio transmitters and transfer technology to the Brazilian Armed Forces. The initial contract value is worth $2 million for the sale of 546 units for the Army, but there are possibilities that the deal will reach $20 million in the next two years. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Apr 96 p A4)

Telerj Registers Losses in 1995 — Telerj, Rio de Janeiro Telecommunications, was the only one of the large Telebras, Brazilian Telecommunications, Inc., subsidiaries that closed 1995 with a loss, amounting to 111.577 million reals, R. Lafis Investment Consulting Firm attributes this performance to the increase of costs of Telerj. Its general and administrative expenses increased by 27 percent, from R181 million in 1994 to R229 million in 1995. Its net financial expenses also increased from $35 million to R73 million during the same period. In total, the expenses of Telerj amounted to R302 million, R1 million above Telerj's gross profit. Lafis nonetheless estimates that a telephone rate increase will not be enough to reverse Telerj's current deficit trend because this depends partially on reducing debts and general and administrative expenses. Telerj, nonetheless, reported that it intends to invest R1.3 billion this year, R855 million of which has already been disbursed by the government. (Sao Paulo AGENCIA ESTADO in Portuguese 0033 GMT 19 Apr 96)

Domestic Debt Increases — During the first two months of the year, the federal administration's operational deficit, which takes into consideration the internal debt real interest, reached R5.76 billion. This represents an 88.09 percent increase in comparison with the first two months of 1995. Central Bank, BC, Economic Department Chief Altamir Lopes reported that the factors that most pressured the deficit were the extra payment of holidays to public employees. During the first two months of the year, the states and municipalities were responsible for a R2.44 billion deficit. By last March the government accumulated a R131.7 billion debt in securities. This represents a R4.4 billion increase in barely a month, as the debt in securities in February was R127.3 billion. Of this total R131.7 billion, which is a record figure, R27.7 billion is in LBC-E, BC Certificates-Special Series. (Sao Paulo AGENCIA ESTADO in Portuguese 0029 GMT 19 Apr 96)

FISCAL, MONETARY ISSUES

Excel/Economico Bank to begin operating — The branches of the new Excel/Economic Bank will reopen their doors on 6 May, as announced by Central Bank, BC, President Gustavo Loyola on 17 April. The bank will receive a R750 million credit line from the Program To Encourage the Reorganization and Strengthening of the National Financial System, Proer. Loyola explained that the Economico Bank clients were not harmed, since their deposits and applications earned interest during the entire period the bank was placed under BC trusteeship. Loyola used the opportunity to announce the sale of another bank: The Banco Comercial de Sao Paulo to the National Bank of Paris. The Banco Comercial de Sao Paulo was placed under BC trusteeship on 11 August 1995. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 18 Apr 96)

More Details on Economico Bank Sale — Central Bank, BC, President Gustavo Loyola finally announced yesterday the terms of the agreement on the creation of the Excel/Economico Bank. He said that the Federal Savings Bank, CEF, will retain the R1 million securities portfolio of the Economico Bank. Since the Economico Bank owed R420 million to the CEF, the debt will be discounted and the Economico will receive only the difference in exchange for its securities portfolio. This operation has allowed the transference of R2.3 billion worth of the Economico's assets and liabilities, including a brokerage firm, an armored car company, and its branches, to Excel. Excel had rejected the Economico's securities portfolio. Excel Bank managed to sign an agreement with the BC to be relieved from eventual problems that may turn up with the Economico's assets and liabilities. The agreement gives Excel six months to verify the profitability of the Economico Bank assets and liabilities, and if they produce losses, the BC will compensate Excel. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Apr 96 p A1)

Three Financial Institutions Liquidated — The Central Bank, BC, today ordered the out-of-court liquidation of the Banco de Financiamento Internacional S.A., BFI, of Sao Paulo. According to BC President Gustavo Loyola, the bank does not have enough assets or financial capability to honor its commitments. The BC also liquidated its subsidiary, the BFI brokerage firm. Loyola also signed the out-of-court liquidation of the Nova brokerage firm from Belo Horizonte because it does not have enough assets or financial capability to honor its commitments. The order also blocked the assets of the bank and brokerage firm owners and administrators. (Sao Paulo AGENCIA ESTADO in Portuguese 1619 GMT 17 Apr 96)

Bank of Brazil Repatriates Capital — The Bank of Brazil today carried out its first operation to repatriate a total of $2.7 billion by the end of June, to improve its assets. The $300 million operation had a great impact on the exchange market and, according to the Central Bank, BC, it should also have repercussions in the monetary policy. "With this operation, the monetary base could increase somewhat," said a BC official. Bank of Brazil officials reported that the resources are in Brazilian Foreign Debt titles that were not exchanged in the 1994 debt-settlement agreements. They are the so-called Multi-Year Depositary Facility Agreement, MYDFA, which will be transformed into reals to purchase NTN-N, National Treasury Notes to be specially issued for the Bank of Brazil. Besides earning a rate based on the exchange market corrections, these NTN-N will have terms similar to the MYDFA. The $300 million repatriated by the Bank of Brazil was purchased on 18 April by the BC, which did not confirm whether the same volume of reals was issued immediately. The only manner by which this operation will not affect the monetary base will be if the same amount of resources is remitted abroad for the same month. (Sao Paulo AGENCIA ESTADO in Portuguese 0045 GMT 18 Apr 96)

Financial Aid to Banks — The financial aid the Central Bank, BC, has given to the financial system in March amounted to 952 million reals, R, worth of very short term loans, that is, the so-called financial liquidity assistance. This is the largest volume the BC disbursed since July 1995. The financial aid to the banks in February was hardly R20 million, while in January it was R412 million. Besides this short term assistance, the BC this time granted R111 million within the framework of the Program To Encourage the Reorganization and Strengthening of the National Financial System, Proer, to the Antonio de Queiroz Bank, whose situation was delicate and which was purchased by the United Group. The loans to the banks and through the Proer pressured the monetary base, forcing the BC to place an additional R1.1 billion in the market. To prevent an inflationary impact, the BC counterbalanced the loans with the sale of R1.953 billion worth of securities in the market. With the sale of these securities, which will increase the government internal debt in securities, the excess reals were withdrawn from circulation. The monetary base was still pressured by the R231 billion deficit registered by the National Treasury. With the securities' sale operation, the BC managed to close the monetary base at the end of March with R18 billion, calculated on the average daily balance concept. This represents a 2.4 percent reduction in comparison with February, when the monetary base was R18.4 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2300 GMT 18 Apr 96)

PRIVATIZATION

Bank Privatization — During a luncheon with Rio Grande do Sul businessmen, Planning Minister Jose Serra said that the privatization of the Meridional Bank is "irreversible." He said that part of the resources raised through its sale will be applied in Rio Grande do Sul to reduce debts or in highway construction projects, including the BR-101. The minimum price established for the bank is R438 million for 100 percent of its shares, 90 percent of which can be paid with bad government securities. Soon after Serra made these statements, nearly 300 people staged a demonstration against the privatization of the Meridional Bank in downtown Porto Alegre. The city mayor read a letter against the privatization of the bank, which was described as a "political and economic mistake." The letter is signed by several federal and state deputies, mayors, councilmen, businessmen and a former Rio Grande do Sul Industrial Federation president. (Sao Paulo GAZETA MERCANTIL in Portuguese 16 Apr 96 p A8)

TRADE ISSUES

March Trade Balance Results — The trade balance registered a $523 million trade deficit in March, according to official figures released today by the Industry, Commerce, and Tourism Ministry, MICT, registered in the Integrated Foreign Trade System, Siscomex. These figures were announced today by Finance Ministry Economic Policy Secretary Jose Roberto Mendonca de Barros and MICT Foreign Trade Secretary Mauricio Cortes. Thus, imports amounted to $3.873 billion by 29 March and exports amounted to $3.350 billion. The average daily export rate during the first quarter of the year was $179.4 million in comparison with the $154.5 million registered during the same period last year. Imports dropped considerably in March in comparison with the same month last year, but grew in relation to February this year. The average daily import rate of raw materials and intermediary products increased from $88.7 million in February to $92.8 million in March and consumer goods imports increased from $31.2 million to $33.1 million, while the remaining items remained stable, with the exception of cars, whose imports increased from $2.7 million in February to $3.6 million in March. (Sao Paulo AGENCIA ESTADO in Portuguese 0013 GMT 18 Apr 96)

Chile

Chile: Insulza Says Date for Talks With Peru Not Set

PY1904233596 Santiago EL MERCURIO in Spanish 19 Apr 96 p C4

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza yesterday said that he has not mentioned any date for the beginning of official negotiations with Peru regarding the pending issues of the 1929 Treaty and its Complementary Protocol.

In commenting on a press report citing an interview Insulza granted a Peruvian radio station the day before, noting that he had said official negotiations would start in May or June, Insulza said: "No date has been set yet to start the negotiations."

Insulza went on to say that probably during the coming months, as a result of international commitments — such as the Rio Group foreign ministers' meeting in Cochabamba and the OAS assembly in Panama — he will meet with his Peruvian counterpart Francisco Tudela, at which time he will likely raise the issue.

He insisted that Chile is in no rush regarding this issue because it has fulfilled all its commitments stated in Article No. 5 of the 1929 Treaty, which include building a pier, a customs office, and a railway station for the train to Tacna, as well as making a statue of Christ that, according to the Complementary Protocol, should be placed at the top of the Arica hill.

Chile: Bolivian President Urges New 'Drive' in Talks

PY1904154196 Santiago EL MERCURIO in Spanish 17 Apr 96 p C5

[FBIS Translated Excerpt] Cochabamba — Bolivian President Gonzalo Sanchez de Lozada will take steps toward the resumption of bilateral ties with Chile when he is convinced there is a drive that will lead to a solution of the so-called Bolivian maritime issue.

Sanchez de Lozada believes that demanding such a new drive is not preconditioned to raising bilateral ties to the ambassadorial level prior to a discussion on Bolivia's landlocked situation.

He said: "We have repeatedly reasserted that we are looking for a new drive, not specific solutions. This is not a prerequisite... The only requisite is to start discussing key issues and an understanding, not a dialogue among the deaf. Once this occurs, we will be the first to make proposals of this kind."

Nevertheless, and as part of a recognition of the willingness by current Chilean officials to discuss, within a bilateral agenda, all those issues considered important by both countries, President Sanchez de Lozada said he hopes he can take the first step toward the resumption of ties before the end of his administration, that is, within a little over one year.

He said: "We hope we will be able to achieve this goal during my administration." [passage omitted]

Speaking about bilateral ties with his characteristically heavy "gringo" [given in English] accent, Sanchez de Lozada praised the dialogue that Bolivian Foreign Minister Antonio Aranibar held with his Chilean counterpart, Jose Miguel Insulza. [passage omitted]

Sanchez de Lozada praised the Insulza-Aranibar dialogue and said that the two foreign ministers had a chance to hold a frank and informal discussion, which is the best way to obtain results.

He said that in September, within the framework of the Ibero-American Summit that will be held in Bolivia, there will be a chance to meet with President Eduardo Frei.

He said: "We believe all this achieves slow but necessary progress."

Asked about Insulza's opinion that Chile is willing to discuss the issue of granting Bolivia an access to the sea, Sanchez de Lozada said that this is important. He added that sometime ago the two governments established that "nothing is fixed or forbidden in the talks."

Nevertheless, he said that no specific results should be expected in the short term. He added that despite the difficulties negotiations are being held and that there is progress. [passage omitted]

Chile: Tariff Reductions Being Negotiated With Mercosur

PY1904171496 Santiago EL MERCURIO in Spanish 18 Apr 96 p B3

[FBIS Translated Text] Chilean negotiators will continue to insist on the need for Argentina to reduce duties on its textile and shoe products, which constitutes one of the last important obstacles for the signing of a Chile-Mercosur [Common Market of the South] free trade agreement.

The Chilean negotiators headed by Carlos Mladinic, general director of the International Economic Affairs Department, went yesterday to Buenos Aires to undertake a new round of Mercosur negotiations.

Economy Minister Alvaro Garcia said: "The first priority is to reduce specific duties on textiles and clothing. This issue is currently being negotiated. I am very optimistic because they must be reduced in compliance with international economic regulations."

Another great obstacle for the signing of a Chile-Mercosur agreement is the statistics tax enforced by Argentina. The Argentine Government has already said this tariff will disappear when the Mercosur trade agreement is enforced.

The Textile Institute, which groups textile industrialists, has publicly complained about the handling of Mercosur negotiations because textiles are included in the list of "sensitive" products. This means customs tariffs will be lifted over a longer period.

Speaking about this issue, Economy Minister Garcia said: "We have been able to partially expedite the lifting of customs tariffs on textile products. They are encompassed in a list of sensitive products, which means customs tariffs will be lifted in 10 years."

Garcia stressed that currently textile, clothing, and shoe exports to Mercosur countries — Argentina, Brazil, Paraguay, and Uruguay — total about $60 million, more or less one third of all shoe, textile and clothing exports.

Garcia added that in the last 12 months to February 1996, textile production grew 12 percent compared with the same period last year; that clothing production grew 7 percent; and that shoe production grew by 10 percent. During the same period, textile exports rose by 124 percent, clothing exports rose 150 percent, and shoe exports rose 70 percent.

The Textile Industry Institute and the Shoe Industry Association have issued a joint statement in which they categorically reject the way Mercosur negotiations treat these industries.

In the communique, the Textile Industry Institute President Mario Garcia and Shoe Industry Association President Maximiliano Obach called for "a reversion of the current state of negotiations for these industrial groups which, without a national policy, will be seriously harmed and discriminated when Chile joins Mercosur."

Furthermore, UDI [Independent Democratic Union] Deputy Cristian Leay, has stated that Chile-Mercosur negotiations will harm Chilean textile and shoe industries "in the short, medium and long term."

He added that if Chile accepts the demands imposed by Mercosur on these industries "they will be virtually left out of the market because they will be at a disadvantage."

Chile: Bill on Human Rights, Missing-Detainees Frozen

PY1904151796 Santiago EL MERCURIO in Spanish 18 Apr 96 pp A1, A10

[FBIS Translated Excerpt] Valparaiso — Following a unanimous vote, the Senate Human Rights Commission yesterday briefly resumed discussions on the human rights and missing-detainees proposal. Then, by a four-to-one vote, it was decided to leave the debate pending to hold some political consultations within the respective blocs and parties on the political feasibility of the proposal.

This decision was challenged by Senator Miguel Otero (National Renewal — RN), chairman of the Constitution, Legislation, Justice, and Regulation Committee, who claimed it is unlawful because senators must deal with the proposal and issue a report, either favorable or negative, to allow the Senate to vote.

Otero, who prepared the human rights proposal with Interior Minister Carlos Figueroa, warned that it is not correct to consult parties on the feasibility of a proposal, because senators must decide on the matter.

Following the failure of the constitutional reforms in the Senate, senators from the ruling party, the Independent Democratic Union [UDI], and the RN said the human rights proposal issued by the Constitution Committee has become unfeasible and that it would be better "to freeze" the initiative. These congressmen stated that the Otero-Figueroa proposal did not satisfy either the relatives of the missing-detainees or the military auditors because both sectors — for different reasons — challenged the proposal when they spoke to the Human Rights Commission.

Yesterday, Senator Ricardo Hormazabal (Christian Democratic Party) opened the debate within the Human Rights Commission. He proposed to his colleagues that, given the current circumstances, it would be better not to continue discussing the matter for the time being. Several points of view were proposed. To reach agreement on the matter, it was submitted to a vote.

Ricardo Martin, president of the commission; Hormazabal; Sergio Bitar (Party for Democracy); Mario Rios (RN); and Beltran Urenda (UDI) favored reopening the debate yesterday, while the others with the exception of Senator Martin were in favor of suspending it while making the appropriate consultations. Martin said that legislative discussions will continue during next week's sessions.

Martin is against the Otero-Figueroa proposal because it violates the Constitution in that it deprives judges of some of their powers in a trial. For political reasons a bill cannot be suspended or frozen, but it can be enhanced within his commission.

Senator Bitar explained that, following the suspension of the proposal, each party must consult with the senators to see which procedure must be followed. He said: "This is a good decision because I believe the political conditions have changed radically, and thus, what was at first considered necessary is no longer the case under the deadline President Frei set for reconciliation." [passage omitted]

Chile: Institutional Reforms Said To Concern Businessmen

PY2004010396 Santiago EL MERCURIO in Spanish 18 Apr 96 p C1

[FBIS Translated Excerpt] During the traditional monthly meeting of the Association of Metallurgical Manufacturers (Asimet), Chilean businessmen told Public Works Minister Ricardo Lagos that the labor and constitutional reforms, together with the tax reforms, are some of their main concerns for making scheduled investments within the framework of the concessions plan designed by the government for the next few years.

After a lengthy lecture by Minister Lagos about the reasons that prompted the creation of a new method to promote the participation of the private sector in various infrastructure fields, the businessmen asked various questions. Asimet Chairman Juan Riveros as well as Industrial Development Association Chairman Hernan Briones emphasized the need for a stable framework for the implementation of this plan.

On the occasion, the businessmen also raised the profitability issue and the impact that measures such as the increase of interest rates or the inflation threat could have on the system promoted by government authorities. The purpose of the plan is to encourage the private sector to earmark large amounts of resources for projects of interest from the economic viewpoint.

Minister Lagos asserted that flexibility in the labor sector is necessary for a competitive economy and that labor needs to be hired or dismissed, according to the domestic market needs. However, he said that the cost of the adjustment should not be shouldered exclusively by the workers and that an unemployment insurance should be created to avoid abnormal situations.

As for taxes, he said that he does not favor the classical scheme that resorts to a tax increase with the purpose of trying to increase expenditures and solve the country's social problems. Lagos asserted: "That is not the right method. I think the issue should be approached from a different standpoint. The agreement reached with the Finance Ministry regarding infrastructure is based on the simple assumption that if Chile grows, fiscal revenues will also grow."

In this sense, he added that, precisely because there is no need to discuss issues such as curbing inflation or unemployment, "we can even think about the future."

Regarding the constitutional reforms, Minister Lagos said that he is optimistic and that he is "not going to die if they are not approved now." He said he agrees with the need for a stable constitution, one that is not reformed every year, and that the changes, once made, should generate a degree of stability.

Concessions, promoted through the promulgation of the respective law in 1991, will represent an investment of more than $2 billion in basic infrastructure, especially highways, during this year, which has been defined as the key period for the consolidation of the mechanism that already materialized with nine awarded projects for $550 million in 1995.

However, during the past weeks the finance and public works ministries disagreed over three highway projects — Highway No. 57, a portion of the Pan-American Highway, and the improvement of the Santiago-Valparaiso Highway. Although the two ministries approved the bidding conditions for two of the projects on 15 April, they must still make a decision with regard to the bidding conditions for Highway No. 68.

The most important initiative for this year is the one involving Highway No. 5. The construction of this highway will be awarded, in portions, to private contractors and involves an investment of approximately $1.4 million during the next few months. Lagos disclosed yesterday that awarding the construction of a portion of the Pan-American Highway will represent for the government a savings of $120 million currently spent for maintenance and repairs. These funds will be used for other works that will benefit society, particularly the lower income sectors.

The prospect that Chile will double its GDP by the year 2010 generates a strong demand in the infrastructure field in the urban areas and, consequently, for highways. In addition to the positive prospects of the Chilean economy is Chile's imminent entry into Mercosur [Common Market of the South], with its consequent demands for land connections.

Lagos said that the concessions system, as a valid scheme to respond to the deficit, whereby the investor recovers his capital by charging the user a fee, is highly popular. Lagos commented that "fortunately there has not been unnecessary debate from the ideological viewpoint." He added that there is an agreement as to what areas this effort will focus on.

He referred in particular to the fact that there is a feeling the country has an opportunity it must not miss, and made a comparison with the Chilean situation a century ago, when we "also believed we were the tigers of Latin America."

In Lagos' opinion "the triumphant attitude" we have sometimes is worrisome. He elaborated, in particular, on this matter by saying that one should understand progress is being made, but the agents in charge of consolidating the process must not be neglected because otherwise the opportunity may once again "slip through our hands if we do not have a clear idea about what direction we wish to choose as a country."

Only planning and clear objectives will allow for the full exploitation of the comparative advantages the country has now. He asserted that this task cannot be carried out by resorting to "the easy way out." [passage omitted]

Colombia

Colombia: 'Several' Killed in Bomb Attack in Uraba

PA2004050596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0400 GMT 20 Apr 96

[Report by Jairo Cayo from Medellin; from "Caracol's Quarter Hour" newscast — live relay]

[FBIS Translated Text] Medellin — A new terrorist attack has just occurred in the town of Apartado, in Uraba's banana region.

According to the initial reports of Caracol Network, a bomb was hurled inside the (Hilton) Bar located three blocks from the police post and near La Martina Park. There were approximately 250 people, mostly workers, inside the establishment at the time.

Judging from the explosion, there already are reports that eight people who sustained serious injuries have been hospitalized at the regional clinic. In addition, several deaths have been reported at the site of the attack.

The Regional Prosecutor's Office is conducting the appropriate investigations.

Colombia: Peace Commission Member on Guerrilla Forces

PA2104034896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1730 GMT 20 Apr 96

[Report by Luz Angela Arteaga Uribe; from the "Midday Newscast"]

[FBIS Translated Text] [Arteaga Uribe] The advance of the guerrilla forces in Colombia is permanent, and the armed clashes are harder to confront; thus, we are in contact with Augusto Ramirez Ocampo, a member of the Peace Commission, whom we welcome and will ask: Can it be that the guerrilla forces are taking a giant step forward in Colombia, or is the Colombian Army retreating?

[Ramirez] No, I do not think so. I believe—and I must insist on this point—they are two different methods of warfare. General Alvaro Valencia Tovar yesterday wrote an important article about this issue in which he points out the enormous difference between the two methods of warfare—regular and irregular. I certainly believe the war in these cases is being waged to influence public opinion and the support of the people. I believe this is where the most important confrontation takes place.

Troop movements cannot continue being simple, routine troop movements, as in the Narino case, where troops passed through the same spot at exactly 1440 hours and 1800 hours every day in convoys prepared for conventional warfare. Troop movements must be based more on intelligence reports and be varied.

[Arteaga Uribe] What is lacking, then, is a real military strategy to counter the violent actions of the guerrilla forces.

[Ramirez] I believe the Liberal National Directorate is correct in questioning some of those activities. The Colombian Armed Forces evidently have to adjust their actions toward a different strategy.

As you know, I am wholly dedicated to peace and believe in the culture of peace, because war is inhuman and extremely cruel. That is why it disturbs me when one of the two parties escalates the war, because this obviously goes in hand with the other party also escalating its efforts, not only trying to equal but to surpass the enemy's efforts. It is a kind of snowballing of violence that takes us to a very sad, fratricidal confrontation that is destroying Colombia.

Colombia: Court Endorses Internal Disturbance Decree

PA1904212996 Santa Fe de Bogota EL TIEMPO in Spanish 19 Apr 96

[Received via Internet]

[FBIS Translated Text] The Constitutional Court recognized yesterday that the public order situation in the country is getting serious, especially following the impact that the guerrilla actions have had on the civilian population, municipal authorities, and the normal operation of the public transportation system.

According to the court, the 2 November 1995 murder of former designate Alvaro Gomez Hurtado was the precursor of a string of actions carried out by the rebel organizations and whose goal is to disrupt the stability of the institutions.

With these arguments, the plenum of the court endorsed the 29 January decree by which the government extended the state of internal disturbance in Colombia an additional 90 days.

The government sought the special recourse, also endorsed by the court the first time at the proposal of Magistrate Hernando Herrera, following Gomez Hurtado's murder.

According to the magistrates, the government can refer to new incidents where the public order has been disturbed when seeking a term extension to the state of internal disturbance.

Court President Carlos Gaviria explained that this will provide additional parameters to study the constitutionality of the special measures.

The statement, made after declaring Decree 208 of 1996 valid, came at a time when the government is preparing additional determinations in trying to counter rebel actions.

Following the massacre of 30 military members in Puerres (Narino Department), the executive branch issued another decree which created the so-called special public order zones. These are places where the use or even bearing a weapon can be banned.

During the debates, Magistrate Vladimiro Naranjo Mesa explained his vote and said that he believes that the motives given by the government to justify an extension to the state of internal disturbance were not convincing enough so as to broaden the effects of the special determinations.

Naranjo thinks, however, that several incidents did occur that disturbed the public order while the special state was in effect, which merits that the constitutional recourse remain in place.

The government argued in the decree that the rebel attacks were one of the motives to extend the duration of the state of disturbance.

The government indicated that this "is demonstrated by the incidents at Une (Cundinamarca Department) on 26 December 1995, Achi (Bolivar Department) on 29 December 1995, the attacks on a large number of Bogota public transportation vehicles on 18 January 1996, and the murder of the Miraflores (Guaviare Department) mayor on 19 January 1996, among others."

According to the government, "the above incidents show that the criminal and terrorist organizations are persisting with their goal of destabilizing the institutions, coercing authorities, and creating a climate of uncertainty and anxiety among the population."

Colombia: Reservists To Join Army To Reinforce Patrols

PA2004033696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 19 Apr 96

[Report by Marco Fidel Yucuma; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Neiva — Troops of the 9th Brigade are heavily patrolling this city and areas under guerrilla influence in the region to prevent new terrorist actions in view of threats made by the FARC [Revolutionary Armed Forces of Colombia]. A first contingent of reservists will join the Army starting tomorrow to reinforce operations in the southern part of the department and the areas bordering the departments of Cauca, Putumayo, and Caqueta.

Meanwhile, the departmental government has asked the Police General Directorate not to close, due to a lack of funds, five garrisons in areas that have a strong guerrilla influence.

Colombia: Serpa Rejects Coup as Solution to Crisis

PA1904172596 Mexico City NOTIMEX in Spanish 1800 GMT 18 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 18 Apr (NOTIMEX) — Today, the Colombian Government rejected the possibility of a coup d'etat as a solution to the country's current political crisis and reiterated that the most appropriate solution is the constitutional path.

Interior Minister Horacio Serpa said that "our Armed Forces are professional and by no means would they lead Colombia into an adventure of that sort.

On Tuesday night, from his prison cell, former Defense Minister Fernando Botero proposed a "technical-military" coup d'etat, which would, in a few hours, allow President Ernesto Samper to leave the country and his vice president to return to replace him.

"In this nation, we will resolve our crisis by abiding by the Constitution and the common sense of Colombians," Serpa said after describing the proposal of his former colleague as preposterous.

Botero, arrested in August after being implicated in the narcocorruption scandal, accused President Samper of leading the operations that enabled the infiltration of drug-related money into the electoral campaign that won him the presidency in 1994.

In a statement to Radio Cadena Nacional (RCN), Serpa said that "there will not be any mini coup d'etats or full-fledged coup d'etats" in Colombia and deemed it unacceptable that a prisoner be allowed to make proposals of this sort through a publication.

"I believe it is unthinkable that such a method be used to provide an excuse for a military coup d'etat, which is tantamount to violating the Constitution and the laws," he indicated.

He stressed that the president's resignation will not resolve the crisis, because, he contends: What the country demands is more complex decisions" to face problems such as drug trafficking, the guerrillas, and common crime.

The minister stated his support for the speedy conclusion of Congress's proceedings against Samper after pointing out that a delay "would pose significant difficulties for the country's smooth operation."

The Accusations Committee, which is investigating the president's responsibility in this case, will conclude the inquiries next week, at the latest, and is expected to submit the final report to the plenum of the Chamber of Representatives in less than 20 days.

Samper has rejected the option of his resignation as a solution to the crisis and has proposed to reduce his presidential term and convene new elections next November.

However, the initiative has not been welcomed by the various political parties.

Colombia: Serpa on Attacks; Security Leagues Proposed

PA1904134396 Santa Fe de Bogota EL TIEMPO in Spanish 18 Apr 96

[Report by Wiston Gonzalez Del Rio — received from Internet]

[FBIS Translated Text] In opening the 13th National Governors Summit, Interior Minister Horacio Serpa Uribe said yesterday in Villavicencio that "events such as those that took place in Narino Department are used to spread frustration and make skepticism prevail," adding that subversive actions, which he described as repudiable, also make people who want to work for the country's peace "leave." "They neglect their ideals, their goals," Serpa pointed out.

The minister was skeptical about the peace talks process and admitted that there are no talks scheduled for the time being. "One does not understand," he went on, "how people can stage demonstrations promoting reconciliation, if at the same time regrettable situations, such as those of Narino Department, are supported."

Meanwhile, Antioquia Governor Alvaro Uribe Velez proposed the creation of municipal security leagues that, with the Prosecutor General's Office's support, will contribute to improving the Armed Forces' operational capacity.

He insisted that it is necessary to request international support to face the situation the rebels are fomenting. "We need the state and society to have a wide range of options when dealing with these confrontations." Uribe also explained the possibility of amending the Constitution to give more instruments to the Armed Forces and create a larger operational capacity.

These statements are a "taste" of the public order debate that will take place on 19 April at the Governors Summit.

The government, through Defense Minister Juan Carlos Esguerra, will listen to the governors' concerns on the matter. There are expectations on the proposals President Ernesto Samper will make when he closes the summit on the afternoon of 19 April.

EL TIEMPO learned that a group of governors who will ask the president to expedite the mechanisms that will allow the number of rural security cooperatives to increase is being formed.

As a preview of the summit, a group of governors agreed to promote the possibility of holding regional talks and obtaining the state's authorization to do so. However, the idea was practically rejected in light of the Narino events.

Colombia: Communique on Break Off of Peace Talks

PA2004021096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 19 Apr 96

[Communique issued by Colombia's Office of the High Commissioner for Peace in Santa Fe de Bogota on 19 April; from the "Latest News" newscast — read by reporter Carlos Barragan]

[FBIS Translated Text] The national government regrets the Jaime Bateman Cayon Group's decision to unilaterally end the negotiation process, contradicting its repeated public statements in favor of peace as well as the commitments acquired in the agreement signed on 8 February 1996. In addition, this decision ignores the efforts carried out by many people, such as the members of the Facilitation and Verification Commission, who have expressed their surprise over the abrupt and unexpected decision of the new High Command of the Group, generating a feeling of deceit.

This decision contributes to the growing wave of irrationality that increases hatred in the country today and intensifies the absurd war between brothers. This war continues to cost the lives of young compatriots.

By conviction and in compliance with the constitutional mandate, the national government reiterates its unyielding resolve to seek the building of the process of understanding that will indeed lead to the reconciliation of those groups wishing to do so, without undermining its responsibility to maintain public order.

Colombia: Peace Commissioner on Break in Peace Talks

PA2004021296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 19 Apr 96

[Report by Carlos Barragan; from the "Latest News" newscast]

[FBIS Translated Text] [Barragan] With us here is Dr. Daniel Garcia-Pena, presidential high commissioner for peace.

How did the talks with the Jaime Bateman Cayon Group break, and what does the government expect?

[Garcia-Pena] The decision to break the peace talks is a unilateral one of the Jaime Bateman Cayon Group. The government obviously regrets this decision. We believe it represents an obvious contradiction to what had been agreed and is an act of treason to many people who had bet on and supported the process. This obviously is not good news to seek reconciliation among Colombians.

[Barragan] Go ahead, Eduardo, the peace commissioner is listening.

[Speaker identified as Eduardo] Dr. Garcia-Pena, what is next for the government?

[Garcia-Pena] Regarding this process, there is not really much to follow. As I said, this decision was a unilateral one that ignored the agreements that had been reached. Out of the conviction of President Samper, the government, and the constitutional mandate, the government should maintain its unyielding resolve to seek processes of understanding with groups wishing to do so. The government hopes these processes may one day lead to the reconciliation of the country.

Colombia: Samper Regrets Group's Withdrawal From Talks

PA2204032896 Santa Fe de Bogota EL TIEMPO in Spanish 21 Apr 96

[Received via Internet]

[FBIS Translated Text] President Ernesto Samper on 20 April expressed regret over the Bateman Cayon guerrilla group's unilateral decision to suspend peace talks and urged its leaders to "reconsider their decision."

"This decision is regrettable. This is not a unanimous decision within the group. I hope they will reconsider it, because the process was advancing well and was a model process," the president said during a ceremony at Bogota's Moderno Gym.

The Bateman Cayon group, which is made up of about 300 dissidents of the M-19 [19 April Movement], announced on 19 April its withdrawal from the peace process because of the country's political crisis and the alleged military violation of a cease-fire zone established in February. The peace process had been in motion since last year.

The president underscored that the cause for the break in the dialogue was not the Army's "hindering" actions, as the subversives claimed. "No, not at all. The Army carried out some operations and left the area. That is untrue," Samper noted.

The insurgents also attributed their withdrawal from the negotiating table to the mysterious death of leader Alfonso Grajales (alias "Alonso") on 30 March. When asked whether this event hastened a crisis within the Bateman Cayon group, Samper said: "This weakened its ability to negotiate to a certain degree, and we regret this sincerely."

As for a possible resumption of talks, the president said that the government will talk with anyone willing to respect law and order and "as long as such talks are useful"l; unfortunately, for the time being the rebels do not seem willing to negotiate peace but instead to engage in war; thus, we will react actively.

Daniel Garcia-Pena, director of the Office of the High Commissioner for Peace, said the Bateman Cayon group's withdrawal suggests the end of the cease-fire zone and a resumption of military control. Garcia-Pena added: "I think it is curious that they waited three weeks to make this decision. I think there are other more powerful reasons, and such reasons are most probably related to a change in the organization's leadership and the precarious nature of its political position." "I think the process was too much for them to handle, that they were not ready for the important task of building peace (...) Unfortunately, the cease-fire zone was established to carry out negotiations. Given that they decided to break them, that zone no longer exists. Of course, the armed forces may operate in it," the official added.

Cali Archbishop Isaias Duarte Cancino also regretted the break in the talks. He noted the guerrilla group "must reconsider because the negotiations are not with the government — although an agreement would be signed with them — but with the people." "One and a half years of efforts of those who with generosity contributed to start this process cannot go to waste," added the prelate, who is member of a commission that has established contacts with all the country's rebel groups.

Colombia: 'Public Order Zones' Noted at Governors' Summit

PA2004025696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Apr 96

[From the "National Newscast" monitored from retransmission by Lima Sistema Unido de Retransmision at 0000 GMT on 20 April; speakers identified by caption — passages within quotation marks recorded]

[FBIS Translated Text] The first special public order zones, created this week based on the state of internal disturbance decree, have been defined: The first departments to be under this special condition will be Antioquia, Cesar, Sucre, Norte de Santander, and Tolima. The decision was announced at the summit of governors which will end today in Villavicencio.

Members of the central government arrived at the summit of governors to explain the scope of the so-called special public order zones as an alternative to face violence.

After creating those zones by decision of the departmental governments, authorities may adopt special measures, such as establishing a curfew, banning citizens from carrying weapons, and even evacuating civilians from combat zones to facilitate military actions.

Juan Carlos Esguerra and Horacio Serpa, defense and interior ministers respectively, arrived in Villavicencio refuting criticisms from those who see in the army's vulnerability an attempt to weaken the government.

[Esguerra] "Before saying those things from their comfortable desks, I would like them to see our forces in action throughout the country; I would like them to see them working; I would like them to see the extent of the sacrifice the Colombian Army is making, as well as all our military and police forces, all over the country."

[Serpa] "Critics will always find faults. They are trying to destabilize the government."

The presence of top government officials, including President Samper, was an opportunity for the governor to discuss the regional talks, and at the same time propose more social investments and military presence.

[Antioquia Governor Alvaro Uribe] "The country needs to know the truth; what we need today is to see the guerrillas accepting regional talks. The guerrillas have been evading the possibility of holding regional talks."

[Sucre Governor Hector Perez] "We will accomplish nothing, unless the ground covered is accompanied with social investments and community projects."

[Magdalena Governor Jorge Caballero] "I agree, as long as they promote peace and not war."

Colombia: Senator Admits Taking Money From Treasurer

PA2104001496 Santa Fe de Bogota Emisoras Caracol network in Spanish 1715 GMT 20 Apr 96

[Report by Manuel Antonio Salazar Restrepo; from "The Midday Newscast"]

[FBIS Translated Text] Senator David Turbay Turbay has admitted that he accepted money from the campaign treasurer of the Liberal Party to take to Magdalena Department, as Santiago Medina's driver has said in his statement to the Accusations and Investigations Commission of the Chamber of Representatives. Turbay has said, however, that he did not know from where the resources came, adding that he had already stated this to the Prosecutors Commission of the Supreme Court of Justice:

[Begin Turbay recording] Absolutely true. The driver of Santiago Medina, treasurer of Ernesto Samper's campaign, arrived at my residence in Santa Fe de Bogota, located at 1408 103d Street, at 1700 on 14 June 1994. On Medina's behalf, he begged me to take some resources, some money to the Magdalena Department Treasury.

I went to Santa Marta on 15 June to participate in a routine campaign activity and I delivered the resources to the regional treasurer of Magdalena. The two receipts, for 45 million pesos, are in the hands of the appropriate authorities, the Prosecutor General's Office. They are part of the official bookkeeping records of Ernesto Samper's campaign and were submitted to the National Electoral Council. It is appropriate to mention that we pledge in the receipts to use the resources in accordance with the law and the campaign's code of ethics.

Given this demand, the least one can assume is the legal origin of these resources. If not, the judicial authorities of Colombia will have to attribute the appropriate responsibilities. Consequently, the truth is we took the resources and never knew the origin of those resources was in doubt. We assumed the legitimacy of those resources.

I acted like a courier, such as Servi-Entrega, Aero-Mensajeria, or Aero-Postal, to do them a quick favor by delivering the resources to a treasury office in Magdalena, as has been fully confirmed at the Prosecutor General's Office. I told that statement to Fabio Espitia, acting prosecutor of the Supreme Court of Justice, over 25 days ago. I said Santiago Medina's driver had been at the house and had brought the resources. The statements the media published today confirm what I said.

I have not been telling lies, just the categorical truth about certain events which, in my opinion, have been fully clarified before the Colombian judicial authorities.

Colombia: Driver of Ex-Treasurer for Samper Testifies

PA2004133296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 19 Apr 96

[Report by Javier Contreras; from the "Latest News" newscast]

[FBIS Translated Text] Humberto Nemojon Pinzon, driver of [Santiago Medina] the former treasurer of the Samper for President campaign, has confirmed to the Chamber of Representatives' Accusations Committee the receipt of millions from the Cali Cartel to finance the run-off elections in 1994.

RCN [Radio Cadena Nacional] obtained the full text of Nemojon's statements before the Accusations Committee. He stated that as driver of the former treasurer of Samper's campaign, he transported at least 15 packages delivered by former Congressman Eduardo Mestre Sarmiento.

In his statement, Nemojon noted that one day at campaign headquarters Santiago Medina came out and told him to go home quickly. A van was there. Eduardo Mestre got out of it and handed him five or six cartons wrapped with red gift wrap. He pointed out Santiago Medina asked him to place the boxes inside his home.

Santiago Medina's former driver told the committee that the money was transferred later from Medina's home to Samper campaign headquarters in about 15 packages. In a written statement he said that he transported about 10 to 15 packages from Santiago Medina's home to campaign headquarters. Nemojon added that Javier Ortiz, a Samper campaign official, was instructed to go to the campaign headquarters basement and hand him a small sheet of paper...[pauses] and hand the driver a package, in keeping with instructions written on that paper.

The driver also admitted that Medina traveled to Cali on three occasions, presumably to negotiate delivery of the financial resources for the Samper for President campaign, accompanied by journalist Alberto Giraldo. Nemojon added that after his trips to Cali Santiago Medina contacted former Defense Minister Fernando Botero Zea, who was general manager of that campaign.

In his written statement the driver said: When Medina returned from Cali, he telephoned Dr. Botero and said everything had turned out really well and that everything was going very well. Nemojon said that was the only call made by Santiago Medina.

Finally, Medina's driver told the Chamber of Representatives Accusations Committee that Comptroller General David Turbay received some resources the Cali Cartel, presumably disbursed to the Samper for President Campaign.

Colombia: Prosecutor Denies Pact With U.S. Government

PA1904163096 Santa Fe de Bogota EL TIEMPO in Spanish 18 Apr 96

[Received via Internet]

[FBIS Translated Text] Colombian Prosecutor General Alfonso Valdivieso stated yesterday during a discussion at the Senate's Commission II, that the decertification has served to prompt the government to move ahead in the struggle against drugs.

The legislative commission summoned the prosecutor general, union representatives, and the finance, foreign relations, and foreign trade ministers to a discussion on the political and economic effects of the U.S. decertification on the country's anti-drug program.

Prosecutor General Valdivieso pointed out that while he believes the unilateral certification process is a "dreadful, unpleasant practice, which should not take place, several positive government actions have developed following the decertification."

He explained that the Office of the Prosecutor General still continues to have positive results in the struggle against drug trafficking, regardless of the U.S. decertification decision.

Confronted with the concern of Senator Jose Guerra de la Espriella (Lib-Sucre), who said that there was a feeling in the country that there was a pact between the Prosecutor General's Office and the United States "to get rid of a large segment of the so-called liberal class," and that Valdivieso "is the arm of the power to the north," the prosecutor replied:

"That is a lie, your feeling is wrong, and you have my word: there in no alliance between the Prosecutor General's Office and the United States, and neither one has any shady interests. However, If the United States praises the actions of the Prosecutor General's Office, one cannot deny that this is gratifying."

Senator Luis Elade Perez, sponsor of the debate, said that even though the government has tried to minimize the impact of the decertification, "the truth is that a few days after the announcement, Ecopetrol [Colombian Petroleum Enterprise] lost a $200 million loan from Eximbank. It has also had an impact on Colombia's relationship with other countries."

Perez said that the decertification is responsible for the social investment "not getting off the ground, because there are no funds to proceed with President Samper's plans."

Senators Gustavo Galvis and Jose Clopatofsky urged the government representatives to analyze the real repercussions of the Clinton administration's decision on Colombia's markets and products.

Senator Luis Emilio Sierra went even further and commented that following the decertification, Colombia's territorial integrity is now more threatened than ever.

Foreign Trade Minister Morris Harf explained the reasons why, according to the government, "under no historical reasons does Colombia deserve to be included on the list of decertified countries." According to the foreign trade minister, Colombia has been a staunch supporter of the United States.

He stated that in order to analyze the extent of these sanctions, it is first necessary to separate the political issue from the economic one.

Deputy Finance Minister Fernando Villaveces stressed that the government is convinced it is capable of handling the situation. "I believe the United States is not interested in undermining the Colombian economy, since if they were after this objective, all they would have to do is lobby before other nations to prevent us from obtaining any loans," he stipulated.

Deputy Foreign Minister Camilo Reyes was even more harsh. With regard to the report presented by the United States as a justification for the decertification, the deputy foreign minister contends that according to the government, the reasons are "unfair and do not correspond to reality."

He stated that the report says Colombia ranks second in the world in the production of coca leaves, when figures reported by several international organizations show that the country actually ranks third.

Reyes claims that the U.S. report fails to mention that the Colombian Government has been successful in wiping out the Cali and Medellin Cartels, as well as in arresting nearly 2,900 drug traffickers.

He also complained that the report distinguishes between results obtained by the National Police from those by the government and disregards the fact that they are one and the same. "The government is being faulted for failing to implement tougher penalties as if in Colombia, just as in the United States, there is no separation of branches."

"Colombia does not accept or answer to the decertification process" Reyes pointed out, and added that the government is taking steps to have the International Narcotics Control Board, a United Nations institution, evaluate the effectiveness of Colombia's struggle against drug trafficking.

National Business Council Coordinator Alfredo Fuentes acknowledged the results obtained by the government and especially the effectiveness of Colombian Ambassador in Washington Carlos Lleras de la Fuente, and trusts that the government overtures will result in a certification being granted.

In conclusion, the Senate's Commission II decided to summon the prosecutor general, the attorney general, the Armed Forces commander, and the defense and interior ministers to explain the manner in which the Colombian Army is being supervised.

Colombia: Correction to Attorney Said To Cash Checks

PA1904224496 Madrid EFE in Spanish 0130 GMT 18 Apr 96

[Corrected version of PA1804041096; explanatory notes describe differences from initial FBIS version]

[FBIS Translated Text] Santa Fe de Bogota, 17 Apr (EFE) — Colombian Attorney General Orlando Vasquez Velasquez cashed checks issued by the Cali cartel to Senator Arlen Uribe after his murder, and maintained close ties with the disbanded Medellin cartel, the "Seven O'Clock" television newscast reported today.

The Prosecutor General's Office today interrogated Vasquez Velasquez as part of the investigations regarding the infiltration of money from drug trafficking in politics. "It was established that the firm Exportcafe (a Cali cartel front company) paid bills for the attorney general," the newscast reported.

Some of the checks cashed by Vasquez Velasquez were issued by Gilberto Rodriguez Orejuela, believed to be the top leader of the Cali drug cartel, to deceased persons, such as Senator Uribe (who was killed in 1994).

Vasquez Velasquez, who was government minister during the administration of Liberal President Virgilio Barco (1986-1990), deposited those funds in checking, savings accounts and time deposits. [replacing "current" from initial FBIS version with "checking" per monitor recheck]

According to the newscast, the Prosecutor General's Office has "serious evidence confirming that Vasquez Velasquez had, together with Federico Estrada Velez, a senator who also was murdered, links with the disbanded Medellin cartel."

The Prosecutor General's Office is also investigating the relation between Vasquez Velasquez and a Colombian facing drug trafficking charges in Italy who is being sought by the authorities in that European country.

Vasquez Velasquez was summoned by a prosecuting office of the Supreme Court of Justice to respond to charges of illegal enrichment.

Chilean Guillermo Pallomari, former accounting chief of the Cali cartel, who surrendered to U.S. authorities, recently said that Vasquez Velasquez was one of the politicians who received money from that criminal organization, as well as other social rewards.

Vasquez Velasquez' name appeared in a list of Colombian politicians and personalities favored by the "capos" of the drug cartel operating in the southwestern Colombian city of Cali. That list started a major judicial process and a scandal over the infiltration of money from drug trafficking in politics.

Vasquez Velasquez, however, today said he hopes that "justice will be served" adding that he is "at peace, because everything that has been said about my conduct are speculations made through the media."

Vasquez Velasquez spoke to several reporters who approached him after his interrogation, which lasted eight hours. He said that he will not resign to his post because of the charges filed against him.

Paraguay

Paraguay: Lebanese in Foz do Iguacu Protest Israeli Raids

PY1904233396 Asuncion ABC COLOR in Spanish 19 Apr 96 p 13

[Report from regional ABC COLOR office]

[FBIS Translated Excerpt] Ciudad del Este — Some 10,000 Lebanese citizens living in the Paraguay-Brazil border area participated in a demonstration in Foz do Iguacu yesterday, rejecting Israel's armed attacks on south Lebanon in which dozens of civilian were killed.

The Lebanese citizens marched on Brasil Avenue in Foz do Iguacu. The march began at 1600 yesterday and ended with a rally outside the Municipal Council (Municipal Board) building in Foz do Iguacu. Brazilian authorities participated in the march.

The Lebanese community living in Foz do Iguacu and Ciudad del Este is the second largest in the Americas, with more than 12,000 members. [passage omitted]

The demonstrators called for an end to the Israeli attacks. They also want, if necessary, the Lebanese Army to defend its territory from the military attack. The demonstrators also asked the United Nations to approve sanctions against Israel for the attack. [passage omitted]

Paraguay: Names of National Encounter Leaders Reported

PY2004020496 Asuncion NOTICIAS in Spanish 18 Apr 96 p 7

[FBIS Translated Text] The Electoral Court of the National Encounter [PEN] ended on 17 April to count the votes cast in the internal party elections held on 14 April, in which the president, vice presidents, and National Coordinating Board members were elected. On 17 April, the court also reported the official returns.

An outstanding fact announced that day was the inclusion of Diego Abente as second vice president, as well as the confirmation that Deputy Luis Alberto Mauro, of the PAIS-IPC-Maden Alliance [expansion unknown], was elected first vice president.

The court officially confirmed on 17 April the election of Carlos Filizzola as PEN president and of Deputy Mauro as vice president — both of the PAIS-IPC-Maden, list 4 — as well as of Senator Diego Abente Brun, of the MIE-SD [Institutional Encounter Movement- Democratic Society], list 2, as second vice president.

List 4 for vice presidents, which, in the nation's capital, had twice as many votes for the vice presidency, had a low percentage of votes in the Central Department and in the countryside and could not, therefore, fill the two vice presidential positions.

PAIS-IPC-Maden received 17,201 votes countrywide for the vice presidency, while the MIE-SD list, which is led by Diego Abente for vice president, received 11,254 votes.

In the capital, Mauro received 5,853 votes versus the 2,755 received by Abente; in the Central Department, list 4 received 5,791 votes versus the 4,034 of list 2; in the countryside, list 4 received 5,557 votes versus the 5,189 votes received by Abente's movement.

According to the official results released by the Electoral Court, Filizzola's list for the presidency had as many as 18,515 votes; while Mario Paz Castaing, of the MIE-SD, list 2, received 11,254 votes and Carlos Peralta, of Convergence and Participation [Convergencia y Participacion — Copa], list 3, received only 574 votes.

List 4 of candidates for the vice presidency, which was headed by Deputy Mauro, received 17,201 votes versus the 11,978 votes received by Abente's list, while the Copa list received 756 votes.

As to the list of candidates for the National Coordinating Board, here are the figures obtained countrywide: PAIS-IPC-Maden received 16,850 votes, the MIE-SD alliance received 12,131, and the Copa only 823.

According to official data reported by the PEN Electoral Court, 43.90 percent of the party members participated in the internal elections, i.e., 31,304 of the 71,315 affiliated members registered for the elections have cast their votes.

It has also been reported that of the 412 voting stations, 405 had their votes counted, while the others were questioned. Even if their votes had been counted, the election returns would have been modified only slightly because these stations were located in the Chaco region and other parts of the countryside.

It must, therefore, be stated that the "Filizzola movement" has obtained the vast majority of the votes.

Peru

Peru: Fujimori Rules Out 'Drastic' Economic Measures

PY1904023596 Lima EXPRESO in Spanish 18 Apr 96 p A2

[FBIS Translated Text] President Alberto Fujimori discarded yesterday the possibility of implementing drastic economic measures. He also said that the 5 percent fuel price increase will not affect the people economically because it is a "minimum increase based on the inflation rate."

He announced, however, the presentation of a "legislative package" that will include the amendment of Law 20430. (According to Labor Minister Jorge Gonzales Izquierdo, the changes will include maximum and minimum prices.)

President Fujimori added that the "package" will also include laws on the defense of consumers and against price agreement. These laws will appear in the official gazette EL PERUANO today.

In this regard, Fujimori said that the laws "will prevent excesses by producers in the market, where a healthy competition should prevail." He added that the new law "will punish those found guilty of reaching price agreement or committing other serious faults." He said that the fine would have a ceiling of 1,000 Tax Units or 2.2 million soles.

Fujimori additionally said that the same law will restrict the publicity of the so called "erotic telephone calls."

Also, a repentence law for drug traffickers, which is aimed at improving police investigation and capture of drug chiefs, will be made public tomorrow as part of the "legal package."

Fujimori also said he will give all the necessary support to the Ombudsman's Office but that a larger budget for this office next year "would have to be studied." President Fujimori asked Ombudsman Jorge Santistevan y de Noriega to install his office in a state facility in Lima or another district.

Fujimori also said that Labor Minister Jorge Gonzales and Economy Minister Jorge Camet met yesterday with representatives of Merrill Lynch International and JP Morgan to study the various proposals submitted by the two companies in relation to the sale of the telephone shares still in the hands of the state.

Peru: Daily Criticizes Grounds of Negotiations With IMF

PY1704123696 Lima EXPRESO in Spanish 14 Apr 96 p 38A

[Editorial: "Who Is in Touch With Reality?"]

[FBIS Translated Text] The IMF and Economy Ministry [MEF] are suffering the same hallucination: They try to pretend the Peruvian economy is 25 percent larger than it really is. This costs Peru dearly.

Despite the official announcement by the BCR [Central Reserve Bank] chairman that the GDP only amounts to a little over $45 billion, in a truly perverse manner the IMF and the MEF insist on basing their negotiations on the illusion that the GDP is more than $60 billion. Naturally, compared to that fictitiously huge economy, it seems we are paying very little in the way of taxes or that the budget is really smaller than it actually is. Thus, the demands are greater.

Minister Jorge Camet has indicated that the IMF, prior to starting negotiations, requires Peru to generate a fiscal surplus of 1.5 percent of the GDP — some $900 million — because it believes this is what Peru needs to honor the foreign debt. The MEF replies that to achieve this only 1 percent of the GDP will be necessary, that is, $600 million.

The fact is that even the very modest $600 million proposed by the MEF represents 1.3 percent of the real GDP, while the $900 million that the IMF demands represents an outrageous 2 percent. Consequently, the IMF — in a truly incompetent manner — is asking Peru to increase fiscal revenues, based on the belief that they only represent 14 percent of the GDP, when we are already generating revenues worth about 20 percent of our true GDP, which is an excessive burden to our development level.

Rather than increasing taxes they should be reduced because it is not the same for the economy that the budget be, as it is, about 20 percent of the GDP instead of, say, 15 percent, as it should be.

The MEF has rightly counterproposed a speeding up of the state reform, that is, reduced public expenditures. Instead of announcing a reduction of taxes, the MEF has contradicted itself by announcing that it will increase by 5 percent the selective tax on fuels to attain a 1 percent surplus and does not rule out the idea of increasing other taxes.

Selective taxes should not be increased a bit here and a bit there; they should all be drastically reduced so the driving force of a second growth wave may stem from private enterprises rather than from the state apparatus.

The fact is — and this should be understood once and for all — that the convalescent Peruvian economy cannot shoulder such a large state apparatus nor endure a budget 25 percent larger than it should be. Neither should it cater for servicing a debt that overestimates the country's paying capacity. It cannot do so without sentencing itself to becoming a perpetual state of exaction with no growth.

The BCR officially admits this, the IMF and the MEF are also aware of it. That is reality: The MEF and the IMF, however, are not in touch with it.

Peru: New Agriculture Minister To Emphasize Production

PY1904015896 Lima EXPRESO in Spanish 9 Apr 96 p A3

[FBIS Translated Excerpt] New Agriculture Minister Rodolfo Munante said yesterday that the laws approved by Congress establishing that the value of the state bonds for agricultural debt in the hands of creditors will not be updated "will not discourage private investment in agriculture."

In this regard, ex-Agriculture Minister Abasalon Vasquez said that "this is a closed issue and there is nothing else to say."

Therefore, a source said: "The state will not have to pay the large sums creditors wanted to deal with the overvalued assessments."

Fernando Garcia Barrera, legal advisor of the Agriculture Ministry, said: "The Agrarian Courts will be favorable instruments for expediting the cases."

Minister Munante, who was nervous and brief in his comments, said that the government's main objectives will be "to increase agricultural production and exports, and to promote the development of the peasant communities through the rural funds." He also recognized the effort made by ex-Minister Vasquez in developing seed production.

Moreover, he pointed out that "the regulation on the Land Law will be released and the water bill submitted soon."

He said that the surcharge on food imports "to protect the income of food producers, as is done in the most developed capitalist countries," will be maintained.

Munante added: "The ministry will continue its project for handing out titles and converting sugar cooperatives into private companies."

He said he will manage the ministry with business criteria and that greater information will be given to peasants "so that they can produce in accordance with market supply and demand."

Munante also disclosed that Deputy Agriculture Minister Rodolfo Marsuda will continue in his position. He did not say who will head the National Food Assistance Program (Pronaa). [passage omitted]

Peru: Congressmen Clash Over Constitutional Court Issue

PY2004010296 Madrid EFE in Spanish
1908 GMT 19 Apr 96

[FBIS Translated Text] Lima, 19 Apr (EFE) — The election of the members of the Constitutional Court has led to a confrontation in Congress between the government majority and the opposition, which accused government congressmen of trying to take control over the court.

Congresswoman Lourdes Flores of the conservative Popular Christian Party (PPC) said that the participation of the government majority is aimed at establishing a Constitutional Court at the service of the government administration.

Flores told the media: "It would be better not to have a court than to elect for five years the members of a facade organization endorsing government acts."

The Constitutional Court has the job of overseeing Peruvian laws; it can consider appeals for the annulment of legal measures that are considered unconstitutional. The Constitutional Court was created by the 1993 Constitution and replaces the Court of Constitutional Guarantees (TGC).

The TGC was eliminated on 5 April 1992 after the dissolution of Congress and the dismantling of the judicial branch by President Alberto Fujimori with the support of the Armed Forces.

According to the Constitution, the seven members of the Constitutional Court must be elected by Congress, where the election failed for the second time yesterday.

None of the 10 candidates presented by the evaluating committee achieved the minimum 80 percent in favor of a total of 120 congressmen. The opposition said this was a maneuver by the government majority to have another vote on 25 April.

The same candidates who did not obtain the required votes, including ex-Labor Minister Augusto Antoniolli of the previous Fujimori administration, who did not obtain the required votes in the first election in Congress, will be presented again.

Antoniolli's presence has become the bone of contention and the opposition believes that a person who was linked to the government and supported Fujimori's 1992 self-coup "cannot be a member of a constitutional organization because an independent and impartial individual is needed for this position."

The opposition congressmen said that after Antoniolli's election failed, the government majority made a "maneuver" to stop the voting of the other candidates.

The opposition said that during last night's voting the official bloc prevented the election of the others with the idea of forcing a new election, which, according to procedure, allows the same candidates, including Antoniolli, to participate.

Opposition congressman Jose Barba said today that it is better "not to have any court than to have a submissive Constitutional Court."

The government majority and the opposition are accusing each other of obstructing the election of the Constitutional Court members.

The majority protested by saying that "the highly politicized opposition groups" prevented the election.

Uruguay

Uruguay: Government To Create Antinarcotics Force

PY1904143396 Montevideo EL OBSERVADOR ECONOMICO in Spanish 6 Apr 96 p 3

[Article by Alejandro Ferreiro]

[FBIS Translated Excerpt] Alberto Scavarelli, president of the National Board for the Prevention and Repression of Illegal Drug Trafficking and Drug Abuse, has told EL OBSERVADOR that Uruguayan personnel will be trained by European experts, probably as of June, prior to the formation of a specialized antinarcotics force to control border customs posts.

The training program, which was planned last year, includes courses by EU experts for Uruguayan personnel who must agree to work for at least two years in the force.

Scavarelli said the establishment of this force is one of the most effective ways to handle some of the basic concerns of antinarcotics programs worldwide.

He explained: "We must control ports, free ports, free-trade zones, and containers used in air and maritime shipping."

The Uruguayan official explained that containers are a source of international concern because of the relative ease they offer for direct smuggling "through the use of double floors," and for technical smuggling which generally involves "the exchange of containers in transit."

Specialization began last year when Uruguayan personnel went to take courses with German experts. A group of Uruguayan officials will visit Mexico and the United States next week with the same objective. This offensive demands planning and studies because the force must know how to deal with sophisticated materials. [passage omitted]

Uruguay: UN Debt Prompts Study of Blue Helmet Withdrawal

PY2004020396 Montevideo EL OBSERVADOR in Spanish 15 Apr 96 p 4

[FBIS Translated Text] The government is considering the possiblity of ceasing to participate in UN peace missions due to the debt the United Nations has with the Uruguayan Army, National Defense Minister Raul Iturria said on 14 April.

Minister Iturria said that the failure by the United Nations to comply with the payment of per diem to the contingents and compensation for the wear and tear of equipment "has been generating discomfort and political complications." He explained that the debt totals $10 million, $6 million of which represents per diems and the rest compensation for the wear and tear of equipment. Iturria warned that if the payments continue to be delayed, "Uruguay's future presence in peace missions will be endangered."

"We were expecting part of the payment to arrive in April, but nothing has arrived yet," he said. The problem is that several countries are late in their contributions to the United Nations. As a consequence, the United Nations is late in paying the countries that participate in UN peace missions, Iturria said. Uruguay has military personnel participating in peace missions in Sinai and Angola and six others acting as UN "observers" in Liberia.

Venezuela

Venezuela: Public Employees, Government Reach Accord

PA2104034296 Caracas Televen Canal 10 in Spanish 1600 GMT 19 Apr 96

[Monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1600 GMT 19 April]

[FBIS Translated Text] This Thursday evening, public administration employees and the government reached a preliminary accord ending the labor conflict that began last year over the discussion of the new collective bargaining agreement. Labor Minister Juan Nepomuceno Garrido said the definitive agreement will be signed next week:

[Begin Garrido recording] I am glad the representatives of the Venezuelan Workers Confederation [CTV] who are here and those of FEDEUNEP [Federation of Government Employees], as well as the representative of the Attorney General's Office, have contributed with a spirit of opening to reach some of the preliminary agreements that anticipate a happy ending next week. [end recording]

In addition, FEDEUNEP President Carlos Borge said they will meet next week to continue discussing their demands and to present them for consultation for their definitive approval:

[Begin Borge recording] Everything we have agreed falls within the collective bargaining agreement. An important point that has been agreed on is that we will continue discussing the clauses included in the collective bargaining agreement as soon as we sign the document, following an agenda on which we will agree with the Labor Ministry. [end recording]

Venezuela: National Executive Branch Signs Exchange Pact

PA1904233896 Caracas EL NACIONAL in Spanish 18 Apr 96 p E1

[FBIS Translated Text] Commercial banks and exchange houses will be unable to negotiate a difference of more than 1.25 bolivares between the exchange rates for dollar purchases and sales.

This is what the Exchange Agreement 1 stipulates in its 12th clause. The agreement was signed yesterday by the national executive branch, through Finance Minister Luis Raul Matos Azocar, and Antonio Casas Gonzalez, BCV [Central Bank of Venezuela] president.

The agreement, which will go into effect on 22 April, was approved late afternoon yesterday by members of the BCV Directorate in accordance with Decree 1292. The BCV Directorate members also approved two resolutions regulating brokerage transactions or market mediation and the agreements signed with the ALADI [Latin American Integration Association] and other foreign central banks.

In addition, the 12th clause stipulates that "the exchange rate regulating the sale and purchase of foreign currency will fluctuate in the market according to supply and demand. The possibility of the BCV participating in the exchange market to purchase and sell foreign currency and establishing the preferential exchange rate it will use for its internal accounting records is left open. [no closing quotation mark as received]

BCV sources have explained that its directorate starting 22 April will follow up on foreign currency operations to determine the exchange range that will be used as a reference for the foreign exchange rate. The Finance Ministry and the BCV next week must define the conditions under which the letters of credit will be accepted.

The agreement also stipulates that financial institutions "will be unable to charge a commission on the exchange operations they will conduct." According to what the 16th clause states, the BCV will be able to charge a commission in bolivares on the foreign currency it sells.

Financial authorities included in the first clause that all foreign currency produced by companies charted in accordance with Article 6 of the law that reserves to the state the industry and trade of all hydrocarbons must be sold to the BCV. In this regard, it must deposit in the accounts these companies have in this bank the equivalent in bolivares of the acquired foreign currency. The funds deposited in these accounts could be used only as follows:

A. To pay the expenses stemming from regular activities through BCV payment orders.

B. To purchase from or through the BCV national public debt securities in the amount agreed on with the central bank.

Likewise, Venezuelan Petroleum, Inc. [PDVSA] and its affiliates must forward information on the contracts stipulating credits in their favor to the BCV within 30 days after they were signed. PDVSA and its affiliates "will be unable to keep foreign currency resources for more than 48 hours, except for those resources deposited abroad."

The Republic must sell to the BCV the foreign currency it obtains from public credit operations in foreign currencies. The possibility of the Republic opening a special account in foreign currency at the BCV is left open.

The international institutions with which the Republic has signed agreements will conduct their transactions at the exchange rate the market sets.

The only paragraph of Article 1 of Resolution 96-04-09 stipulates that savings and loans institutions will be able to conduct only operations in traveler's checks with their associates.

Venezuela: Development Minister on Regulated Products

PA1804170696 Caracas Venezolana de Television Network in Spanish 1530 GMT 17 Apr 96

[FBIS Translated Text] Development Minister Freddy Rojas Parra this morning discussed regulated products and their adjustments.

[Begin Rojas Parra recording] We will gradually deregulate products as inflation gets lower and lower. For the time being, price adjustments will be authorized to take into account the imbalance between the [words indistinct] and last year's regular prices and the impact of these measures. We will take these two factors into consideration. The adjustments will be constructively and positively discussed between the Development Ministry, which I head, and businessmen, understanding both their reality and the consumers' reality, this is to say, that these products are essential and basic products, which we will gradually deregulate. [end recording]

He also talked about the medicine situation.

[Begin Rojas Parra recording] This is a very complex subject because this is a chain. It is impossible to treat the medication situation like we would treat the problems of drug stores or laboratories. We must deal with the problem as a whole, from the laboratories to the drug stores, even subsidized drug stores, or social drug stores, as they are described in some programs sponsored by governor's and mayor's offices and the Health Ministry itself. We will increase the presence of subsidized drug stores and work more with generic medicines. We will also monitor the rejection of some of these products and gradually establish a basic basket for these products to make them more accessible to the people as the program progresses. [end recording]

Venezuela: Students Hold Protests Over Economic Measures

PA1904144596 Caracas EL NACIONAL in Spanish 18 Apr 96 p D5

[FBIS Translated Text] San Cristobal, (Special) — Some 8,000 people marched this morning through the main streets in the capital of Tachira State to protest government economic adjustment measures and show support for increased minimum wage for workers.

The Tachira State Workers Federation formally called for the march and managed to get all regional public offices to give their employees the day off so they could attend the march.

Many of the marchers were from education, health, and public workers unions. The march was several blocks long and concluded outside of the Lions Palace in Sucre Park, which is the seat of the regional government.

The marchers, which began at the union headquarters on Libertador Avenue, were followed by approximately 70 public transport buses representing the Motor Transportation Union [Sindicato de Transporte Automotor].

DISTURBANCES IN CIUDAD BOLIVAR

Ciudad Bolivar, (Special) — Residents of La Sabanita looted a supermarket Tuesday night while Oriente University students took to the streets, interrupting traffic, and then robbed a truck loaded with precooked corn flour, which they later distributed among neighbors.

Miniprecio Supermarket owners denied the looting story and claimed instead that it was a hold-up, but the main door was knocked-down and witnesses said that the groceries were taken by a group of adults and minors.

For a second consecutive day, Oriente University students caused disturbances to protest President Rafael Caldera's government economic measures, which they said, are impoverishing the most needy.

Also reported was the police detention of student Oscar Tayupe, who attacked Oriente University professors inside the campus.

LABOR PROTEST IN NUEVA ESPARTA

Porlamar, (Special) — Just as had been announced, Nueva Esparta workers marched through the main streets in La Asuncion to the governor's office to deliver a document to Luis Longart, director of Civilian and Political Affairs. The document voiced their dissatisfaction over the situation in the country and in Nueva Esparta State.

Various unions gathered their many followers on Wednesday, marched peacefully, and burned an effigy of Judas, representing the education minister.

The union leaders expressed their concern because they are still in doubt as to whether the compensatory measures will be timely. There is no idea where the money will come for the popular markets and who will handle the markets.

The protest march was coordinated by the CTV [Venezuelan Workers Confederation] as an initial step. A national strike might be called for afterward.

Venezuela: President Inaugurates Home Construction Plan

PA2004174696 Caracas Venezolana de Television Network in Spanish 0230 GMT 19 Apr 96

[Passages within quotation marks recorded]

[FBIS Translated Text] President Rafael Caldera today kicked off the construction of 5000 housing units in Guacara, Carabobo State, to meet the growing demands for housing among that region's middle class. Similar agreements are expected for the rest of the states.

[Reporter Fernando Porte] "The agreement signed between the National Housing Institute and the Carabobo Housing Institute includes the investment of 20 billion bolivares over the next three years for the construction of 5000 homes. Caldera assessed the project and included it in a broad national housing plan aimed at fulfilling the needs of low-income families."

[Caldera] "A major concern of my administration is to provide assistance for low-income housing despite the existing economic restrictions and fiscal deficit. The 5000 homes being built here represent a modest, but significant contribution toward improving the quality of life for the middle-class sectors, which represent for us an important factor in Carabobo and Venezuelan society."

[Unidentified person] "We offered 10,000 homes spread over three years. We are already halfway finished. Mr. President, together we can build the other half. Help us strengthen not only our most destitute, for we are resolutely committed to that, but also our middle class, which is in need of additional assistance from the local, regional, and national governments. Your visit to Carabobo at this time is enormously satisfying and an absolute relief, for we are hearing the president make use of his presidential gumption, [interrupted by applause] telling Carabobo and the rest of the country that we should remedy our problems and push ahead. God bless you, Mr. President. [applause] Give us your support, for the people of Carabobo love you."

[Porte] "Arriving at Miraflores Palace following the Carabobo ceremony, Urban Development Minister Francisco Gonzalez, dispelled doubts about interest rates in connection with the financing of homes under the Housing Policy Law."

[Gonzalez] "The housing projects under construction with funds available from the Housing Policy Law are not being affected by changes in interest rates. These are special projects and are not subject to modifications."

[Porte] "It was also announced that the directorate of the Inter- American Development Bank will meet in 15 days to study the national pilot plan on housing that will initially benefit the states of Lara, Carabobo, Zulia, and Sucre."

French Guiana

French Guiana: Ariane Rocket Carries Canadian Satellite

PA2104012296 Paris AFP in Spanish
2345 GMT 20 Apr 96

[FBIS Translated Text] Kourou, French Guiana, 21 Apr (AFP) [dateline as received] — The European rocket launcher Ariane placed a Canadian satellite into orbit on Saturday evening, according to officials at Kourou Space Center, French Guiana.

The rocket took off from Kourou at 1936 local (2236 GMT), and 20 minutes and 29 seconds later detached the MSAT-1 satellite for mobile telephone communications owned by TMI Communications in Canada.

This is Ariane's 85th mission. There were four other missions, all successful, this year. The last failure of the European rocket launcher occurred in December 1994.

The rocket used on this occasion was an Ariane-42P (Ariane 4 with two gunpowder propellants). The satellite weighed 2,855 kg at takeoff time.

MSAT-1 is the second and last satellite of a service designed and carried out by the Canadian company SPAR Aerospace with platforms manufactured by Hughes Space and Communications, ordered by TMI Communications, headquartered in Ottawa.

MSAT-1 will gravitate in a geostationary orbit at 106.5 degrees longitude west over the Pacific Ocean.

Due to its electric power (4,000 watts), its channels in the L and Ku bands (5 and 29 mHz bandwidth), and its single repeater, the device will guarantee the transmission of data, faxes, and mobile telephone signals throughout the northern American continent, from Alaska to Mexico, including Hawaii and part of the Caribbean.

The first satellite of the device, MSAT-2, had been placed in orbit on 7 April 1995 by a U.S. Atlas rocket, of the American Mobile Satellite Company.

This time is the first that the firm has entrusted Ariane with a mission, the marketing company for the European rocket, which confirms its position as the leader of the profitable satellite launching market.

Arianespace has 43 satellite launchings registered in its records.

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